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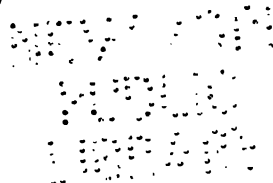
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EPISODES OF HISTORY

*In the Stories
of the UNITED STATES
and the INSURANCE COMPANY
of NORTH AMERICA
as Bound up Together
in National
Achievement*

1792-1917

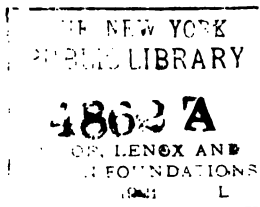
*Commemorating the
One Hundred and Twenty-fifth
Anniversary of the formation of
"The President and Directors of
THE INSURANCE COMPANY
OF NORTH AMERICA"
December 10, 1792*



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1916

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FOREWORD

THE INSURANCE COMPANY OF NORTH AMERICA is more than the oldest American joint stock insurance corporation. Its early history is closely interwoven with the history of the government itself and reflects at every step the early struggles of the fathers of the Nation to make the great Republic we have to-day.

THE NORTH AMERICA has therefore veritably grown up out of and with the country itself; its archives teem with entries and records concerning great historical names and transactions connected with places, property and events that occupied the thoughts and inspired the hopes of the makers of liberty and their successors, the makers of the country.

IT HAS been thought appropriate to record in episodes, swiftly told, the origin and development of both the Country and the Company, for the interest it might have to the army of loyal agents that represent "The" North America everywhere, who may care to know its biography.

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EPISODES OF HISTORY

THE ORGANIZATION

1792-1793

The very first joint-stock fire insurance company of the United States was, as it is yet, the Insurance Company of North America. Its history began with the history of the American Government itself. Its birth is one among that small group of great events in the last decade of the Eighteenth Century that served to change the map of the world geographically, politically, socially, and in methods of organized efficiency. The new republic was to create the model of political freedom and this in turn was to create individual liberty. So the Insurance Company of North America was to be the model of that new form of protection against fire and marine hazards which was to revolutionize crude underwriting and provide the very cornerstone of modern commercial progress as the basis of business credit.

The Insurance Company of North America had its birth in the very same room in Independence Hall, Philadelphia, where the immortal Declaration of Independence had been signed for the struggling Colonies sixteen years before — 1776. It was in the year 1792, the same year that General George Washington, after having been a sort of military rebel president, was re-elected President of the free and triumphant states.

Those indeed were stirring times. Washington had been first installed as President in 1789 and had gone through Philadelphia from Mount Vernon for the inauguration in New York. On this trip (it then took two days to make the journey from Philadelphia to New York in the speediest coaches) he stopped at Trenton and there heard "The President's March," which was played for

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the first time in public and is now so familiarly known as "Hail, Columbia!"

When "the President and Directors of the Insurance Company of North America" was projected, it was doubtless named so peculiarly by its first president, John Maxwell Nesbitt, who had served on the organization committee, as ten years previously he had assisted in the formation of "The President, Directors and Company of the Bank of North America." Because there is no other insurance company of a similar name, those in the profession speak of the Insurance Company of North America as "The" North America.

Our forefathers were unusually far-sighted, but even in the later Colonial days did not seem to foresee the great security of incorporated indemnity with its ample capital, though the plan was popular in England at the time. Hence, when merchants sent a ship to sea laden with a valuable cargo, they sought private underwriters for their protection. That is, they went to individuals who might risk as much as £200 each on a "bottom," and, as there were probably fifty private underwriters in Philadelphia, the total indemnity — however valuable the cargo — only approximated \$50,000.

The canny William Penn early saw the weaknesses in private underwriting and when his friend, James Logan, urged upon him a cover "notwithstanding thy tenderness about insurance," took his advice (1705) but later (at that time there were no stock companies) wrote: "J. Askew ensured £100 upon thy letter but the insurer broke, and the twenty guineas lost. Insurers fail much."

In the good old Colonial days almost anyone could set himself up as a private underwriter, and, if lucky, he might make a success. There is an old but entirely human piece of folk-lore that went the rounds years ago about one of these underwriters who rather late in the "game" attempted to build his business by cutting rates — a practice

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some modern underwriters have not failed to follow, and even, it might be said, have followed to fail. But this particular underwriter prospered, and as he waxed fatter his charges increased, until a customer remonstrated, reminding him that when he first began taking his "risque" — risk was spelled in the French way then — his rates were only half or even less than his competitors. Whatever the exact text of the reply, no one will fail to grasp his meaning when he said, "Well, I've got something to lose now!"

Even with such obvious advantages as accrued from \$600,000 in capital guaranteeing the payment of losses, the "subscribers to the Insurance Company of North America" had a difficult time getting their charter through the Pennsylvania legislature, so persistent and potent was the opposition of the clique of private underwriters and their friends. After laboring for a year or so, however, their petitions and special missions did prevail, but not until there had been some talk of removing the institution to Delaware.

The North America completed its organization December 10, 1792, just after General George Washington had been re-elected President for a second term and while the capital of the nation was located at Philadelphia, by congressional agreement, for a term of ten years, to end in 1800, when the City of Washington on the Potomac would be ready for its reception.

It was at this time that the first census under the new constitution had just been taken to determine congressional representation and showed that there were only 3,380,000 people, Indians excepted, living in the eleven states, Virginia having one fifth of the whole number and Pennsylvania about one ninth. The six largest cities of that day (Boston, New York, Philadelphia, Baltimore, Charleston and Salem), taken together, had but 131,000 people — the largest less than 50,000.

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The formation of the North America grew out of a proposition to organize "The Universal Tontine" in Philadelphia, after similar trials had met failure in Boston and New York the previous year (1791), and when the final gathering in Philadelphia (November 3, 1792) showed that it, too, would collapse, a committee was selected to devise and report means to "utilize the fund [about \$84,000] already subscribed." Nine days later the committee reported that the plan for a tontine, based on longevity and very popular in France, be changed to a society to be called the "Insurance Company of North America." Apparently they worked rapidly in those days for the plan was approved November 19, about 40,000 of the 60,000 shares were reported subscribed by December 1 and the secretary, Ebenezer Hazard, a former postmaster-general under the Confederation of States, called a meeting of subscribers at the State House (Independence Hall), on December 10, to elect directors and complete the organization. The new board convened the following day at the City Tavern — the popular assembly place of business men — and selected officers, also appointing committees to petition the legislature for a charter, to prepare a table of "lowest premium rates" as a guide to the "sitting committee," and to provide a headquarters, while the secretary was instructed to prepare a marine policy form.

Three days later (December 14) the board met in its own office at what was then 119 South Front Street and is now No. 213, and on the following day the first policies were issued.

In 1789, as soon as General Washington was inaugurated, Congress proceeded to organize the new government and such was the difficult financial situation of the country that it called upon the brilliant financier, Alexander Hamilton, Secretary of the Treasury, to suggest plans in further support of the public treasury. Hamilton strongly urged the "Bank of the United States" as a

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remedy and in the face of great opposition this was approved and established in 1791. Policy No. 10, issued by "The President and Directors of the Insurance Company of North America," was in favor of this "Bank of the United States" and covered \$20,000 on money in any "bottom" from Charleston, S. C., to Philadelphia (the bank's headquarters) or New York, at one per cent premium, the name of the company being written in painstakingly by the secretary, who signed himself "Eben" Hazard, on a printed form then in common use by private underwriters.

In 1792 the French Republic was established and this led to war between France and England the following year, so widely felt in the United States. We then had only a treaty of peace with Great Britain, but with France two treaties — one of alliance and one of amity and commerce. By the terms of the treaty of alliance, the United States was obligated to guarantee to France her possessions in America, namely, the French West Indies. When President Washington heard that war had been declared between France and England, and fearing the United States would be called upon to send its fleet to protect the possessions of France, he issued a proclamation of neutrality (1793). This proclamation incited the French to claim a violation of the commercial treaty and to commit depredations on American commerce, causing great losses to shipping and so also to the Insurance Company of North America. These losses soon ran into large sums of money and on August 27, 1793, upon the advice of Secretary of State Thomas Jefferson, the claims were thrown into the hands of the government for adjustment. In the settlement with France, however, the treaty provided that the United States should satisfy all these so-called "French Spoliation" claims with its own citizens.

These, in brief, were the early beginnings of the Insurance Company of North America, the history of which

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is so indelibly interwoven with the commercial development of the United States and which is now (December 10, 1916) entering upon the 125th year of its honorable career as the first joint-stock insurance company of the United States.

HISTORICAL MEMORANDA, 1792-1793

Governmental.— National capital located in Philadelphia — George Washington re-elected President for second term — Called Secretaries of Treasury, State and War, Chief Justice, Attorney-General and Vice-President into consultation resulting in present "Cabinet"— Total national debt about \$75,000,000 — Kentucky admitted as fourteenth state in 1792 — Ten amendments to Constitution made effective by states.

Economic.— Postal System now being extended from 75 offices existing in 1790, postage being prepaid by cash deposits and no books, papers or merchandise accepted as mailable matter — The Bank of the United States at Philadelphia, capital \$10,000,000, gave hearty tone to business, restoring confidence and credit — Canal, manufacturing and insurance companies projected — Steamboat invented by John Fitch advertised to ply on Delaware River but not well patronized and was withdrawn — Cotton exported to Europe, about 200,000 pounds — Slaves in United States numbered 700,000.

War.— Establishment of French Republic brought on war with England and involved the United States, which had declared neutrality — American shipping seized by both France and England, causing heavy losses.

Territorial.— Area of United States entirely east of Mississippi River, comprising fourteen states — Boston ship captain named Gray discovered Columbia River in Oregon and named it in honor of his ship — Population, excluding Indians, about 3,500,000 — Three fourths of country uninhabited.

Political.— Opposition to policy of Federalists in power caused antis to organize Republican Party in 1792, forerunner of present Democracy.

Insurance.— Insurance Company of North America formed in 1792 with \$600,000 capital, first in United States — John M. Nesbitt, first president, Ebenezer Hazard, first secretary — Heavy marine losses sustained as a result of French seizures cause still unsettled French Spoliation claims.

EARLY DEVELOPMENTS 1794-1799

The six years following the period in which the Insurance Company of North America was organized and began business — the years that closed the Eighteenth Century and concluded practically the first decade in the history of the United States — were full of trials and tribulations, and the wonder is that the country was able to maintain itself with the divisions within and the complications without. Equally is it a wonder that the North America survived, so interwoven were its fortunes with those of the government.

President Washington's proclamation of neutrality in the war between France and England was resented by members of the newly organized Republican Party, who became the violent partisans of France. Everywhere the French tri-color emblem with the liberty cap (which latter, by the way, was designed by Lafayette, who fought in the Revolutionary War with the Patriots), was hung up in the coffee houses which were the clubs of the day. "Republicans" greeted each other in the prevailing French style as "Citizen" So-and-so. The Federalists were not necessarily English sympathizers but they supported the government. Under England's "Rule of 1756," which provided that no neutral in time of war should have a trade she did not possess in time of peace, that nation began to seize American ships, and a statement made in the House of Lords at the time showed that in the short space of five months, ending March 28, 1794, over 600 American ships were captured or detained.

While the Republican Party demanded war on England, President Washington was bent on peace and sent

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John Jay to London to conclude our first commercial treaty with England. This so offended the French Directory that they sent our minister out of France and themselves again began depredations on American commerce. Some of these contentions have arisen anew during the European War of 1914 and are the cause of continued friction.

All these events very naturally had their direct effect on the marine losses of the North America. Although its original articles contemplated doing a fire as well as marine business, it was not until after its charter had been formally granted April 14, 1794, that consideration of fire insurance was taken up seriously and even then it was postponed until fall because of the ravages of yellow fever in Philadelphia, necessitating several removals of the home office to Germantown, a suburb.

Fire insurance was then very little known and was considered beneath the notice of private underwriters; but two co-operatives or mutuals had come into being — the second being organized because the first would not insure houses surrounded by shade trees, which it was claimed hindered fire extinguishment.

In October, 1794, the directors of the North America prepared "Proposals for Insurance," embracing what are now termed policy conditions, previously agreeing to insure "full values" of "goods in store," as against a proposition to limit acceptance to two-thirds value. On December 10 its first two fire policies were issued, the first being \$8,000 on dry goods for three years at 30 cents per \$100 per annum, the total premium \$64, which made a term rate of two-and-two-thirds annuals.

Despite the security offered by \$600,000 of capital, the demand for fire insurance was not very brisk, for policy No. 7 was not issued until December 31, and in fact during the first fiscal year only seventy-three policies were issued, despite the fact that in January, 1795, the directors de-

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cided on a big stroke of advertising and had 5,000 proposals printed and "distributed to the houses of the inhabitants of Philadelphia." In March the directors extended operations by voting to insure brick or stone houses within ten miles of the city, if located in Pennsylvania.

About this time, too, the United States was getting a little hard money of its own, copper pieces making their appearance from the Philadelphia mint in 1793, silver in 1794 and gold in 1795. In those days you could take your trinkets or bullion to the mint and have them turned into coins.

During his second and last term, General Washington had not only foreign complications to contend with, but had to call out the militia to put down the "Whiskey Rebellion" at Pittsburgh, which with a population of about 2,000 was the largest city west of the Alleghanies. There was no method of transportation over the mountains then except by wagon — even the gravity cars on tracks that long preceded the railways were to come many years later — and the only way the growers could get their corn to market was by way of the Ohio and Mississippi rivers. The Spaniards in 1794 had the Mississippi closed and so the growers turned their corn into whiskey, easily transported, and refused to pay the government tax, which President Washington finally collected at the point of muskets. A year later our first treaty with Spain opened the Mississippi.

Much to the regret of the people at large, General Washington in his celebrated Farewell Address declined to accept the nomination for a third term and John Adams was chosen President in 1796, receiving 71 votes in the electoral college against 68 for Thomas Jefferson, who, under the law, became Vice-President. It was in this year that the North America determined "to afford the public an opportunity to make insurances on buildings anywhere in the United States," if the premiums offered

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were adequate in the opinion of the president and the "committee of the week." At the close of that year the company had risks on its books in western Pennsylvania, New Jersey, New York, Massachusetts, Delaware, Maryland, Virginia and North and South Carolina.

John Adams was inaugurated President on March 4, 1797, and within three days had trouble on his hands when he learned that Minister C. C. Pinckney had been driven out of France because the five members of the Directory of the Republic objected to the Jay Treaty with England. The President hastily summoned Congress into special session to resent this action and delivered a strong message, but later was prevailed upon to try pacification through a commission composed of John Marshall, Elbridge Gerry and Minister Pinckney. They were met at Paris with a demand (1) for an apology from President Adams, (2) for \$50,000 to each of the five French directors and (3) that the United States pay tribute to France.

This demand for tribute caused an outburst of indignation all over the United States, opposition in Congress ceased, the Navy Department was created in addition to State, Treasury and War, the original offices, and Washington was again made Commander-in-Chief, with the rank of Lieutenant-General. As our negligible navy had been practically abandoned after the Revolutionary War, the people now manifested great public spirit, built frigates and sloops of war and gave their services to erect fortifications, while the French flags and liberty caps were pulled down from the coffee houses.

Before the year 1798 ended the country had a gallant little navy in action, and accompanied by a host of privateers the seas were scoured for French ships, with such success that France soon sued for peace.

It was in this same year (1798) that the marine premiums of the Insurance Company of North America reached the very large sum for those days of \$1,304,208,

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though on account of the French seizures the loss claims had mounted into immense figures. The company's directors were, of course, greatly agitated over the losses sustained through French depredations and many committees were named to gather information, resulting in an agreement "not to insure to French ports unless with a warranty against capture and seizure by the French."

In 1798 the North America's fire risks were divided into first and second classes, the limit on the first being \$6,000 at a minimum of "a half per cent per annum" and on the second class, \$4,000 at a minimum of "three-fourths per cent annually." Wooden buildings were written and "when two or more wooden buildings adjoin, a larger premium shall be required than is demanded on a single wooden building."

On February 27 of the same year, the board declined an offer of an agency at Charleston, S. C., "to take risks against fire" and on April 19 offered \$1,000 reward for "discovering and prosecuting" the supposed incendiary of a Maiden Lane (New York) risk.

As the company was chartered as a "general insurance company" it had the powers possessed by the British companies to write all sorts of insurance, including life insurance. That branch was practically unknown in the early days of the United States and the North America went into it rather experimentally in 1794. It was scarcely life insurance as understood now; it was more a hazardous accident business that was demanded and which it undertook to supply. The idea was short term insurance "against capture by Algerian pirates or Barbary Corsairs" and against death during captivity before ransom, and insurances on the lives of those going on hazardous journeys. The premiums ran as high as eight and ten per cent for the term, but few policies were issued nor did any losses occur under them. This life insurance experiment was wholly discontinued in 1804.

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President Adams did not get through his administration without a rebellion (1798) in which he, too, was forced to follow Washington's lead and call out the militia to collect a direct tax on the people, the first in our history. Certain Pennsylvania farmers refused to make their returns and drove off the assessors who came to "measure the houses" and "count the windows," which were then a means of determining values. Some of the leaders were arrested but were rescued by John Fries, who was finally taken by the militia, tried for treason and sentenced to be hanged, but was pardoned.

HISTORICAL MEMORANDA, 1794-1799

Governmental.—Diplomatic struggle with England and France over neutrality — First treaty with Spain signed (1795) defining boundaries of Louisiana and Florida and opening the Mississippi to trade — Naval war with France over Jay's treaty with England began in 1798 and confined to the sea entirely — Fall of French Directory puts an end to war and convention of peace signed with Napoleon I, 1800.

Economic.—The first carpet was woven — The first cotton factory opened — The first newspaper was printed in the territory northwest of the Ohio River — The first geography of the United States was published — Daily papers were first printed in Baltimore and Boston — Anthracite coal was discovered in Pennsylvania — Eli Whitney invented the cotton gin (engine) — Cotton exports jumped to 6,000,000 pounds — Samuel Slater built the first mill for making cotton yarns — Cotton sewing thread was first manufactured in the United States at Pawtucket, R. I. — The first turnpike road from Philadelphia to Lancaster (62 miles long) was completed — Eli Terry began the manufacture of clocks as a business.

Political.—Washington declines third term and issues farewell address — John Adams (Federalist) elected President; Thomas Jefferson (Republican) Vice-President — Federalists still in control with Republicans gaining ground — Tennessee admitted as a state — Eleventh amendment defining judicial powers adopted — Kentucky and Virginia Resolutions of 1798 adopted declaring the Constitution a compact or contract, laying the basis of State's Rights — Alien and Sedition laws passed and challenged.

Insurance.—Great losses to marine insurance through French, Spanish and English wars — Fire insurance enlarges, but on small scale — First attempts at fire classification by the North America — Success of company encourages stock competition — Charles Pettit, second president, January 13, 1796, to January 9, 1798, re-elected July 8, 1799; Joseph Ball, third president, from January 9, 1798 to July 8, 1799.

EXPANSION AND PERMANENCE 1800-1816

The opening of the Nineteenth Century saw deep foundations being laid both for the new republic and the new Insurance Company of North America. But these foundations were laid in the midst of uncertainties, among which those who were with resolute courage building the republic and the company pursued their plans undaunted.

The present capital city of Washington was occupied as the seat of government for the first time in the summer of 1800. It had been for years unceasingly planned for by Samuel Blodget, Jr., one of the organizers and the first director of the Insurance Company of North America, who had served in the Revolutionary War on the staff of General Washington, and who was a successful East India merchant and one of the most active promoters of underwriting in Philadelphia. Selected ten years before as the seat of government, Congress had agreed to assume the war debts of the various states as a consideration for delimiting a federal district free from the local control and influence of any of the states. In the center of this territory — the District of Columbia — Mr. Blodget had dreamed of and planned a capital city that was to be the most beautiful in the world. The dream had its first step toward realization in 1800. The original plans have been subject both to modification and enlargement as necessity and opportunity demanded, but all who visit the city of Washington and gaze upon the panorama of its splendid architecture, broad streets and beautiful parks may know that they are viewing the finest capital city in the world — a realization in its ultimate of a dream

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that was often discussed and put forward in the directors' room of the Insurance Company of North America.

Philadelphia had been the capital since the new government was organized, but during the last decade of the Eighteenth Century that city had suffered from recurring epidemics of yellow fever — called then "the Disorder" — brought by trading ships from the West Indies, and the capital was hastily removed to Washington to escape further danger. Fourteen years later the British captured and burned Washington, destroying many invaluable archives and souvenirs. Officers of the government sought refuge for a short time in Philadelphia, where the government business was carried on, but the great domestic and foreign policies of the United States were to take permanent form in the new capital.

It was at Washington in 1800-01 that the contest for the Presidency between Thomas Jefferson and Aaron Burr shook the very foundations of national politics. These two candidates had received a tie vote in the electoral college and the election of a President was thus thrown into the lower house of Congress. Jefferson won by a narrow margin after a bitter controversy and Burr was elected Vice-President. So much feeling was aroused that the Twelfth Amendment to the Constitution was adopted, regulating the action of the electoral college by the methods now in existence.

Out of the intense rivalries of the Jefferson-Burr election grew the personal and political feud between Aaron Burr and Alexander Hamilton. In a duel outside of New York, Burr killed Hamilton in 1804. The results of this tragedy embittered politics for years. Burr was compelled by public opinion to resign the Vice-Presidency. Then ensued the episode called the "Burr Conspiracy," the true facts of which will always be disputed. Burr was accused of designs to form a separate nation or empire in the Southwest to indulge his ambition for power. He was

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arrested, prosecuted under Jefferson in the celebrated trials at Frankfort, Kentucky, and Richmond, Virginia, and acquitted. Out of this the facts of the celebrated "Spanish Conspiracy" were brought to light, not involving Burr, but General Wilkinson and many others, and causing great political scandal.

It was at the inauguration of Jefferson in March, 1801, that the new President laid two foundations of democratic custom. He rode into town on horseback, hitched his horse to a tree and walked over to the capitol to take the oath without attendants or display. Washington and Adams had delivered their messages to Congress by personally reading them before the two houses jointly assembled. Jefferson changed this by sending his written message to Congress to be read by the secretaries in separate session. This custom was followed by all the presidents until 1913, a hundred and eleven years later, when President Wilson returned to the practice of Washington and Adams.

The hasty removal of the government to Washington, caused by the epidemic of yellow fever, drove the officers of the Insurance Company of North America to Germantown in 1798 and 1799, and it was not until 1804 that they were settled with permanency in the immediate vicinity of their present location.

The yeast of national and commercial expansion began to stir at this time, with troubles in every direction. We had a war with Tripoli and secured the freedom of our commerce in the Mediterranean without tribute to pirates; the disagreements with England brought on our declaration of war in 1812 and we were soon fighting on the Canadian frontier, along the lakes, along the Atlantic Coast and in the Gulf of Mexico. We could not take Canada, but we drove the enemy out of the East, where they burned Washington and attacked Baltimore, and after three years Jackson, in 1815, decisively defeated the

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British under Pakenham at New Orleans, although a peace treaty had been signed at Ghent a month before, news of which reached here too late to stop hostilities.

Development was rapid during all this turmoil. We purchased Louisiana from Napoleon in 1803, thus opening the Mississippi and its tributaries free to a splendid commerce. We sent explorers into the West and discovered and set up our claims to the Oregon country that were finally to give us the Pacific Coast. The discovery of Pike's Peak was the sensation of the early quarter of the century and the migration of population to the West and Far West began in a steady stream. The population increased from three and a half millions in 1790 to seven millions in 1810, and the area of the United States grew from eight hundred thousand square miles to two millions. Towns began to spring up, roads and bridges were built, manufactures began, agriculture flourished and commerce was enlarging by leaps and bounds.

It is interesting to record that the Insurance Company of North America, which was "following the flag and the Constitution" at every step in this expansion of national territory and its settlement, is without doubt the founder of what is now known as the American Agency System. While in 1798 the directors voted "that it is not expedient to have an agent at Charleston, authorized to take risks against fire," which is the first discovered reference to agency discussion, the directors in 1807 considered a memorial from Alexander Henry on "extending insurance against fire to Lexington, Ky." and a committee, appointed to consider the whole subject, reported favorably December 7 and further authorized the president "to appoint suitable and trusted persons at such places as he shall think advisable to act as surveyors and agents of the company." The Lexington authority is the first record of a commissioned agent. Early agents received no commissions on premiums but

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retained policy and survey fees. Later, 5 per cent on the premium was allowed and from this point the whole agency fabric was developed.

From 1800 the North America extended its business along the Atlantic Coast, and in 1808 it was pursuing the course of empire westward, appointing agents in Ohio, Kentucky and Tennessee, following close in the footsteps of commerce. There were few towns then in what is now the great Middle West — Lexington, Frankfort and Louisville in Kentucky, Cincinnati, Chillicothe, Steubenville in Ohio, Nashville in Tennessee, being the centers of population. They had only a few hundreds of inhabitants each, but, as centers of collection and distribution for agricultural and manufacturing products over large areas, they were important points for the growing republic, and enormous values in property passed through them. And there the Insurance Company of North America through resident agents was keeping step to the music of national development. Some of those early agents remained for years in the company's service and at every important point where it set up its agency then, it has continued to have an agency down to this day.

There were contracts of insurance written, however, in towns and cities where no agents resided. Fire insurance then was indeed a curiously primitive sort of business when viewed in the light of the present day. Every month the Philadelphia papers contained a printed list of insurance policies of the North America that would expire the following month and that was the only notice the policyholders had to renew if they would be protected. They had to take a Philadelphia paper then or be lost as to the news of the world and their business interests. Only persons of well-known standing and responsibility could obtain insurance. There was no solicitation for business except as the officers of the company issued "proposals for insurance" and sent them to persons whose business

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they desired, or had them printed in newspapers for the information of those concerned.

It is interesting to read the new "Proposals" of the Insurance Company of North America issued in 1806, when the scope of its fire underwriting was enlarged. It will be observed that four classes were now established: (1) brick or stone with slate or metal roof, (2) same with wooden roof, (3) partly wooden buildings with either roofs and (4) wooden buildings, with wooden roofs. Contents, whether merchandise, household furniture, apparel, etc., went with the buildings under the same rate, although the amounts were scheduled and limited.

It is probable that very few fire insurance men of to-day have ever had the opportunity to read these "proposals," which cover the entire scope and conditions of the policy and represent the very "last word" in progressive fire underwriting announced by the North America in 1806. As a curiosity they are here given in full:

INSURANCE

Against loss or damage by fire by the Insurance Co. of North America.

The President and Directors of the Insurance Co. of North America, in the City of Philadelphia, being desirous to employ the capital of said company to purposes useful to the public as well as beneficial to the institution, have resolved to extend their insurances against loss or damage by fire, into different parts of the United States; on buildings of every description as well as on goods, wares and merchandize of all kinds. And upon such moderate and liberal terms, as it is presumed will induce many to avail themselves of the means thus offered, to protect themselves from the destructive injury so frequently occasioned by fire.

Among the various claims which have been made against the company for losses by fire since its first establishment (now more than thirteen years) no instance of a legal controversy has occurred, between the company and the assured.— But on the contrary, all claims for losses of this nature have been adjusted and paid with the utmost promptitude; which circumstance, together with the ample capital the company possess gives them a fair claim to public confidence.

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Rates of annual premiums to be paid for assurances against fire.

No. I.

Hazards of the First Class, viz:

Brick or stone building, covered with tile, slate or metal.

Furniture or merchandize, not hazardous contained in such buildings.

For sums not exceeding 10,000 dols. in one risk, from 25 to 30 cents, per annum per 100 dols.

No. II.

Hazards of the Second Class, viz:

Brick or stone buildings covered with boards or shingles.

Furniture or merchandize, not hazardous contained in such buildings.

For sums not exceeding 10,000 dols. in one risk, from 30 to 40 cents per annum per 100 dols.

No. III.

Hazards of the Third Class, viz:

Buildings the walls of which are partly constructed with bricks or stone, and partly with wood.

Furniture or merchandize contained in such buildings.

For sums not exceeding 10,000 dols. in one risk, from 40 to 50 cents per annum per 100 dols.

No. IV.

Hazards of the Fourth Class, viz:

Slight wooden buildings covered with boards or shingles.

Furniture or merchandize contained in such buildings.

For sums not exceeding 10,000 dols. in one risk from 75 to 100 cents per annum per 100 dols.

All buildings adjoining to or situated near to hazardous buildings, or in which hazardous goods are kept, or hazardous business carried on, will be charged at an extra premium: subject to such variations as the nature of the risk may require.

The following articles are deemed extra hazardous, and also buildings in which they, or any of them are contained, though in various degrees, to wit: Pitch, tar, turpentine, rosin, wax, tallow, oil, ardent spirits, sulphur, hemp, flax, cotton, glass and china-ware, especially if unpacked, looking glasses, jewellery and all articles more than commonly liable to injury by wet, sudden removal, or theft, or on an alarm of fire.

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Buildings in which the following occupations are carried on are also extra hazardous, to wit: Tallow-chandlers, brewers, hemp and flax dressers, painters, coopers, carpenters, cabinet-makers, coach or carriage makers, maltheuses, bakers, ship-chandlers, boat builders, rope makers, sugar refiners, distillers, chymists, varnish or turpentine works, theatres, mills, and machinery generally.

CONDITIONS OF INSURANCE.

I. Persons desirous to make insurance on buildings in places where the Company have no agent, must accompany their applications with a description of the property to be insured, to be made by a master carpenter, and signed by him as well as by the owner or applicant, and attested before a notary or magistrate, who will certify his knowledge of the parties and their credibility. The site and position of the building must be described; the street or road on which it stands; its contiguity to water, and particularly whether any or what fire companies are established, and engines provided in the place or neighbourhood. The materials of which it is built, how secured by battlements or party walls, what kind of access to the top of the house, and how the ashes are generally deposited.

II. The dimensions of the building, the style in which it is finished, and how occupied, whether merely as a dwelling house, or for any other purpose, and for what purpose, also, an estimate of the value of the building, independent of the ground.

III. The situation with respect to other buildings or back buildings, whether adjoining or not; comprehending at least one hundred feet each way. What kind of buildings are within that distance, how built, of what materials, how occupied, whether as private dwellings or otherwise.

IV. No insurance will be effected on more than two contiguous buildings, if built of wood, or on property therein; nor on more than three contiguous buildings if built of brick or stone, or property therein.— And there must be a space of at least fifty feet between such wooden buildings and any other property insured, and a space of thirty feet, between such brick or stone buildings and any other property insured.

V. No insurance will be effected on any wooden buildings, or on any property therein, to an amount exceeding two-thirds the value thereof.

VI. When insurance is wanted on goods, a general description of the building in which they are kept must be given, similar in all respects, as to danger from fire, with that required for insurance on

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the buildings themselves, with a description of the kind and nature of the goods, whether in packages or open.

VII. If any person shall insure any building or goods, and shall cause the same to be described otherwise than as they really are, so as the same be charged at a lower rate of premium than would be demanded if the true situation thereof were made known, such insurance shall be void.

VIII. No insurance is binding until the stipulated premium be paid, but it shall be deemed effectual from the time of such payment whether the policy be signed or not.— And insurances may be continued or renewed at the expiration of the term of the policy, without further expense than the payment of the premium of the renewed term; provided the circumstance of the risk remain as when first insured, or it is not increased.

IX. If any other insurance be made on the same property, notice thereof must be given to this office, and indorsed on the policy, otherwise the insurance will be void. And in case of such insurance each office shall bear a ratable proportion of any loss which may be sustained.

X. Goods held in trust, or on consignment may be insured as such in a separate policy, but they are not to be considered as insured otherwise. Nor are bills of exchange, bonds and other securities, title deeds, money, bank and other notes, or mirrours, unless by special agreement.

XI. This company will not be liable or accountable for any loss or damage occasioned by the invasion of an enemy, or by any military or usurped force, or by reason of any civil commotion, or occasioned by gunpowder, aqua fortis, or anything of the like kind kept in buildings, or among the property insured, unless by special agreement.

XII. No insurance will be made on buildings for a shorter term than one year, nor for a longer term than seven years. Persons who insure for seven years shall be allowed one year's premium as a discount; and one-third of a year's premium on an insurance for three years. Insurance may, however, be effected on goods in packages, for any term not less than sixty days.

XIII. Losses sustained by fire on property insured in this office, shall be paid in thirty days after due proof and liquidation thereof, without deduction; and it is to be understood that the Company make good losses on property insured by them if burnt by lightning, and also any damage which goods may sustain by wet, sudden removal or theft, when it happens by means or in consequence of a fire.

XIV. Letters of inquiry (post paid) and orders for insurance

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accompanied by the means of paying the premium, will be promptly attended to, if addressed to

JOHN INSKEEP, President.

Insurance office of North America, Philad'a.

This curious document was printed on a "broadside" bearing at the top an excellent wood engraving of a midnight fire in a two-story house, with firemen and hand engines at work. Almost, as if by presentiment, the building has much the appearance of and the scene is singularly alike to the old-time engraving prepared five years later of the burning of the theater at Richmond, Va., in which sixty persons lost their lives, the first sensational fire of that kind in the United States.

Looking closely at the advances of fire insurance, it is curious to note how closely allied were the experiences, the interests and the ultimate fortunes of the United States and the Insurance Company of North America. The national government that had considered its foreign relations and problems of the greatest importance began now to find that the development of its own domain was infinitely greater. The North America, that had regarded fire insurance as a mere experiment aside from ocean marine insurance, began to find in inland marine and fire insurance opportunities for revenue and energy that were in the future to render the ocean marine business of the United States a small venture by comparison.

Blight fell upon American ocean marine insurance first in 1798 when the naval war with France was in progress. The histories of the United States and of the Insurance Company of North America are bound together in every step of it. President Adams suspended all French consuls, and the North America backed him up by refusing to insure any ships or cargoes to French ports. Commodore Decatur in the "Delaware" fought and captured the French privateer, "La Croyable," and then began a campaign that put all American ships in

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jeopardy, increased losses enormously and of course stopped premiums by putting an end to marine insurance for the time being. The marine insurance rate of the Insurance Company of North America during the first ten years of its existence averaged twelve per cent! Its premiums aggregated during that time \$6,037,457 and its losses \$5,500,887 or 91.11 per cent of the premiums, leaving only 8.99 per cent to cover expenses.

Opening of the second war with England in 1812 almost destroyed the marine business again, premiums falling to \$1,364,637 in the decade from 1803 to 1813. There was very little marine business after that for thirty years, American shipping having been almost entirely withdrawn from the seas. The acquirement of Texas and California alone reopened the way to large writings after 1845.

During this period the insurance idea of which the North America was the pioneer began to grow in the eastern states and other companies were formed in localities, mostly for home protection. Every considerable town began to organize its fire insurance company in which the neighbors were expected to insure. There was no foundation of experience and many of these came to grief within a few years after they were established. But the beginnings were made then of the business of fire insurance in the United States on a general scale.

HISTORICAL MEMORANDA, 1800-1816

Governmental.—National capital removed to Washington—Jefferson elected President (1800) and re-elected (1804)—Purchase of Louisiana from Napoleon, 1803-04—Exploration of the Far West begun—Ohio admitted, 1812—Territories of Mississippi, Indiana, Orleans, Michigan and Illinois created.

Economical.—Manufacturing began, resulting from embargo on shipping—Charters were granted for iron works, paper mills, thread works, factories for cotton and woolen goods, oil cloth, boots and shoes and rope—Census of 1810 showed value of manufactured products \$173,000,000 and population 7,210,000—Government encouraged road building by beginning the national road from Cumberland, Md., to Wheeling, W. Va.—First steamboat on Ohio and Missis-

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issippi rivers, 1811 — Second money panic in 1814 and suspension of payment by many banks in the East and West.

War.— United States declared war on England in 1812 because of interference with our shipping growing out of neutrality policy in Anglo-French war — Battle of New Orleans fought January 8, 1815, a month after peace had been arranged before news could reach the armies.

Insurance.— Ebenezer Hazard retired from the secretaryship of the Insurance Company of North America, January 13, 1800, leaving that office vacant until February 26, 1806, when Robert S. Stephens was placed in the office — John M. Nesbitt, first president of the company, died January 22, 1802, and Charles Pettit, second president and re-elected after Joseph Ball had been in office for eighteen months, died September 3, 1803 — John Inskeep placed in the presidency October 1, 1806 — Beginning of agency system — First agents in the West appointed, 1807-8 — Four classes in risks established 1806.

THE ERA OF NATION BUILDING 1817-1841

The year 1817 ushered in a remarkable quarter of a century in nation building. The like of it was never before recorded in history and its achievements were never surpassed by any people. The impulse sprang up with the defeat of Napoleon at Waterloo and the coming of a general peace in Europe. The differences of sympathy that had divided the people of the United States, and the war policies of foreign governments that had destroyed our commerce on the seas, were alike at an end. Peace with England at once released the energies of Americans for the upbuilding of their own country.

All this was emphasized by the election of James Monroe as President. When he went into office on March 4, 1817, there broke forth at once a great wave of enthusiastic feeling in favor of home development. Monroe's election was the death-knell of the Federal Party, which never afterward put out a candidate or was signally active in public affairs. There ~~was~~ practically but one party now, which was known as the Republican, but finally became known as the Democratic Party, as it has ever since been called. Differences as to domestic policies brought other factions forward in time and the National Republicans, Antislavery and Whig parties were formed, not one of which could win success until 1840, when the Whigs nominated and triumphantly elected General William Henry Harrison ("Old Tippecanoe"), with John Tyler of Virginia, a former Democrat, for Vice-President. Harrison's death, a month after inauguration, left a Democratic President in office.

What was known as the "Era of Good Feeling" began

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in 1817; when President Monroe was received with enthusiasm everywhere and political animosities were laid aside. Thenceforth the questions that concerned politics were how to define accurately the new boundaries of the national domain, to consolidate, upbuild and protect it. We had much diplomatic controversy with England as to the Canadian line and the Oregon country; with Spain as to the Florida country; with Russia as to her claims on the Pacific Coast.

Out of this the Monroe Doctrine finally emerged as the triumphant principle of the new republic regarding the two American continents. Since 1793 it had been the open policy of the United States to take no part in European wars nor meddle in European politics. The purpose was to avoid entanglements with foreign nations that might react upon our own desire to be left alone in peace and amity with the world. Meanwhile, Spain's colonies in South America were rebelling and forming themselves into independent republics; England was pressing against us in the North and Russia in California. The result was in 1815 the formation of what was called the "Holy Alliance" of European countries to maintain the principle of monarchical government wherever it existed. In 1822 the United States answered this by acknowledging the independence of the new republics of Chile, Peru, Buenos Ayres (now Argentina), and Colombia. The Holy Alliance called a congress to take action, but Great Britain found it to her interests to hold aloof, and in 1823 suggested that we unite with her in a protest against European intervention in South America.

To this President Monroe thought best to make a declaration that would be wholly independent of Great Britain's attitude. In his message to Congress, December, 1823, he laid down three great guiding principles, which, with some variation and growth, have since been known as the "Monroe Doctrine," applying to Great Britain as

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well as to all other countries. These three principles have been thus summarized:

1. That the two American continents were no longer open to colonization.
2. That the United States would not meddle in the political affairs of Europe.
3. That European governments must not extend their system to any part of North or South America, nor oppress, nor in any other manner seek to control the destiny of any of the nations of this hemisphere.

The declaration was effectual and from that day to this no monarchy and no European country has successfully challenged it.

Curiously enough, the American Minister at the Court of St. James was Richard Rush, afterward Attorney General of the United States, (the grandfather of the present president of the Insurance Company of North America). It is history that he conveyed the suggestion of the Monroe Doctrine to President Monroe.

So much for that great international policy which closed the two Americas to European politics.

During this period of twenty-five years, the "third term" tradition for Presidents was erected into a custom equal to an unwritten law. Jefferson had declined a third election, following Washington's example, and advised against electing any President for a third term. Madison followed Jefferson's example. Monroe was re-elected in 1820, receiving every vote in the electoral college but one. That one vote was cast for John Quincy Adams by an elector from New Hampshire, who announced that he did so because he desired to preserve for Washington the glory of being the only man ever to have received a unanimous vote of electors for President. The election of 1824 brought on the long-continued struggle between Jackson and Clay. There were no political parties, but personal factions, known as "Jackson men," "Clay" or

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"Administration men" and "Antimasonic." These latter were against the Masonic Society as threatening the safety of the republic, which is amusing these days. Jefferson, Madison and Monroe having all declined third terms, it remained for John Quincy Adams to be the first one-term President, as he failed of re-election between the clashing forces of Jackson and Clay. Jackson was elected in 1828 and re-elected in 1832. In 1836 he, too, refused to be a candidate for a third term, and so set his stamp of approval on the custom against third-term candidates.

In 1824, under the leadership of Henry Clay in Congress, the first protective tariff bill was enacted and at the same time Congressional appropriations were made for internal improvements, one feature of which has now come to be known in politics as the "Pork Bill."

Following the tariff bill of 1824 another and stronger one was passed in 1828, which led to great protests in the sections opposed to it, and Vice-President John C. Calhoun put himself at the head of a movement by popular assemblages to declare a protective tariff unconstitutional, null and void, and advise state legislatures how to nullify it. President Jackson ordered his collectors to use force, if necessary, to collect the tariff duties. Vice-President Calhoun resigned, was at once elected Senator from South Carolina, and he and Daniel Webster had a great debate in the Senate. It looked as if civil war was imminent, but Henry Clay proposed a compromise by a gradual reduction of the tariff and the storm subsided, leaving, however, a residuum of feeling between the Eastern and Northern states and the South.

The first national political conventions to nominate Presidential candidates were held in 1831-32. The Antimasons met in Baltimore and nominated William Wirt and Amos Ellmaker; the National Republicans nominated Henry Clay; the Democrats met and nominated Martin Van Buren for Vice-President only. As it was

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universally accepted that Jackson would be re-elected President, the Democrats concluded it was wise to let him get the votes without arousing opposition by a formal nomination. In 1832 a national convention of young men of National Republican sympathies was held at Washington. The Democrats called it "Clay's Infant School," and this body adopted and issued the first party platform in the United States. It endorsed protection and internal improvements by the government and denounced Jackson.

During the latter part of this period (in 1837 to be exact), the second and greatest financial panic occurred. Strange to say, it was caused by the national government being too rich and the people of the states generally too prosperous and rioting in speculation. Poverty came in a day because there was too much wealth on paper and none in the pocket. To those of this day accustomed to seeing Congress appropriate more than a billion dollars at every session, without excitement, the wealth of the government in 1836 will seem microscopic. In taking over the war debts of the states in 1790 (\$75,000,000), and by accretions during the second war with England, the national debt, was in 1816, about \$127,000,000. It was all paid off by 1835, and the tariff duties and sales of public lands had accumulated in the Treasury \$41,500,000 surplus. Congress puzzled over what to do with it and finally decided to keep five millions of it for a surplus and divide the remainder among the states according to Congressional representation.

This division was to be paid out in four installments during 1837. Three payments were actually made, but the fourth, due October 1, has never been paid. The withdrawal of the money from the banks that kept government money on deposit required loans to be called, with the result that credit was destroyed, factories closed, merchants failed, property could not be sold, state banks

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suspended specie payment, or failed, bread riots occurred and the country was plunged into the most acute distress. The struggle over the United States Bank between the Jacksonians and the anti-Jacksonians was the political cause of the panic, the effects of which were felt for years in business and politics as well.

During all the political excitement of this period the energies of the people found employment in the astonishing settlement and development of the West. Paralysis of ocean commerce on the Atlantic Coast turned the eyes of thousands to the cheap lands of the West, and the natural love of adventure and hope of fortune did the rest. The government owned the land, would sell it to all applicants alike on the installment plan, and no taxes could be levied on such lands for five years. This was the government's policy to relieve unemployment and settle the new territories. The rush began.

Every roadway to the Mississippi Valley was thronged with caravans from the East, and towns and villages sprang up like mushrooms. It continued for years; and the stream grew larger instead of smaller, as "hard times" persisted in the East. In many localities there were extraordinary "booms." Lands purchased for one dollar an acre, upon which towns were settled, were sold within twenty years at from fifty dollars to seven thousand times that price. So great and enthusiastic was the migration that highroads and rivers were crowded. Many marched out on foot, with gun on shoulder, and "lived on the land" until they found the place that invited them to settle. One town in western Pennsylvania kept a record of 2001 families that passed through its turnpike gate in one month, all going West.

Everywhere quarter-sections of land were taken up, log houses constructed and clearing and farming begun.

The result of the great movement of travel was an instant demand for better ways and methods of transporta-

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tion, not only for the travelers themselves, but for the supplies they would need and the products of the farms they would have to send to markets. The eastern seaboard had roads, and steamboats were plying upon the principal rivers. Yet it took twelve and fifteen hours by the fastest stages to go from Philadelphia to New York and forty-eight hours from New York to Boston. There were steamboats on the Mississippi and Ohio, but there were few roads and no connections between the East and West, except down the Ohio and around by sea to New Orleans. The steamboats were themselves primitive affairs. They consumed twenty-five days in going from New Orleans to St. Louis and Louisville. In one year more than twelve thousand wagons arrived at Pittsburgh from Philadelphia and Baltimore, bringing goods for the West, the freight charge on which was \$1,500,000.

Water was considered the most feasible method, so canals were projected. New York, in order to capture trade from Philadelphia, began the Albany and Erie Canal under the leadership of DeWitt Clinton. It was opened in 1825, and so great was the glory that he was invited West to dig the first sod for the Louisville and Portland Canal at Louisville, which was intended to enable boats to pass the falls of the Ohio without breaking cargo. The Erie Canal reduced freight rates from Albany to Buffalo from \$120 a ton to \$14. It seemed to promise a millennium for the West and changed the condition of half the whole country.

The rivalry between New York and Philadelphia led to the project of a canal from the latter to Pittsburgh, but before it was completed the first railroad had been demonstrated and in 1832 the travel route between these two points was part canal and part rail. This was the beginning of what became the Baltimore & Ohio Railroad. It was not the railroad we know now, but consisted merely of wooden rails laid upon sleepers over which small cars were

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drawn by horses. The name "railroad" grew from "railed roads." These railroads did not carry passengers. Travelers still made their journeys in wagons and stages or on horseback.

Locomotives were built and used on railroads after 1836, but they were so expensive that the state of Pennsylvania built and owned them and charged for hauling the trains.

Such were the primitive beginnings of the great steamboat and railway eras of the country. But the use of machinery in both connections developed many mechanical inventions for labor saving. Threshing machines were invented, machinery for wood-working followed and manufactories for all tools and instruments that were needed began to spring up. All these had previously been imported.

All these wonderful activities of a strong and restless people seeking homes and permanence of wealth would, in this day, open unbounded opportunities for the business of fire insurance. But that business was in its infancy in the first half of the last century. It is true that in the East local companies started up in many places, but mostly for insurance on dwellings and established business. It was the exception and not the rule then in most communities to be insured against fire. Prior to 1830 the experience of all insurance companies might be characterized as of alternate prosperity and depression. There would be periods of no losses and large profits and large losses and no profits. Fire insurance was regarded largely as a speculation, founded upon the traditions of dangerous adventure amid which marine insurance had been pursued by speculative underwriters in every maritime nation. When large profits were made they were promptly divided and the carrying out of contracts still running was secured only by the capital already contributed and by the honor and commercial ambitions of stockholders

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who were considered bound to live up to their undertakings or be ruined in public estimation. There were no attempts at maintaining adequate reserves or surplus. In these things the directors of the North America were acting as all other underwriters did. In 1824 they received payment of their subrogation claims for Spanish spoliation and immediately paid a cash dividend of 60 per cent on the stock, the dividend amounting to \$300,000. At the time the surplus did not exceed \$20,000 to protect a capital of \$500,000, with great liabilities outstanding.

It is true that the action of the board of directors in taking this step was doubtless founded upon a lively expectation that the government of the United States would as a matter of justice appropriate money to pay the French spoliation claims. The amount of these claims as proved was \$748,906.13, and the government of the United States had sought redress for them against France. After years of negotiation, however, our government found itself confronted by counter claims of France for infractions of a treaty entered into in 1778. In 1800 the whole contention of our government was suddenly abandoned in a convention with Napoleon, under which the claims of private citizens of the United States were surrendered in exchange for the abandonment by France of claims for losses sustained by the failure to observe the treaty stipulations.

Nevertheless, the United States government having had the benefit of the use of these private claims as an offset against claims against the government, an attempt was begun to have the government make the claims good by Congressional appropriation. All such attempts are invariably slow and attended with great expectations and great disappointments.

The tremendous hazards of marine insurance and the fact that fire insurance was negligible in volume and purely experimental, effectually covered up the scientific

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elements of average, adequate rate, reserves and surpluses. There were absolutely no statistics beyond the mere computations of the number of fires, which had been made in England a century before. England was no better off than America in respect to fire insurance and even there marine insurance was a gamble at Lloyds'. In the United States the small companies that began to be organized were mere side issues of merchants whose time was almost wholly occupied with other and more important matters. Amounts were insured by a single company on a single risk that would appall the underwriter of to-day, and these lines were not reinsured.

There was little headway made in fire insurance except by the companies with large capital that were trying to penetrate the future. Underwriters had yet to be "made" and changes in officials were frequent in the effort to discover underwriters and from their ideas to develop professional employees. There gradually sprang up a body of men trained and devoted to underwriting, but this was a work requiring time and patience under many discouragements. In 1806 John Inskeep, who had been a hotel-keeper, a prosperous merchant in the China trade and mayor of Philadelphia, was elected president of the Insurance Company of North America and his energetic prosecution of its affairs, his enlargement of its field, were attended by such success that he remained in the presidency until 1831 when at the age of 71 he resigned on account of increasing age. It was Mr. Inskeep who collected the Spanish spoliation claims and advised the 60 per cent dividend in 1824. The board presented him with a service of silver plate valued at \$500 in recognition of his able administration of its affairs.

It is interesting to note amid the beginnings of fire insurance that the Insurance Company of North America, the pioneer and path-keeper of all the great internal nation building, wrote from 1793 to 1842 marine premiums ag-

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gregating \$8,267,581, while its fire premiums for the same period aggregated only \$425,091.

Marine insurance, with its long prestige and great chances of profit, seems to have had always a fascination for the early underwriters of every country with maritime interests. The Insurance Company of North America, with its office at the great port of entry at Philadelphia, was pushing for marine business, but it was experimenting with the fire business, singularly enough for the reason that it had few losses on fire insurance and the profits on the fire branch were relied upon to pay the expenses of the marine business. (In 1822 its fire premiums were \$42,380.79, without a single dollar of loss claims!) And on this score it turned out to be a most profitable experiment, since from 1813 to 1832 the losses on fire insurance were less than 15 per cent of the premiums, while the marine premiums had fallen off greatly as a result of wars and changed conditions and losses were very heavy. This experience caused the company to develop its fire insurance with the interior growth of the country, through its western agents, with the result that from 1832 onward both the marine and fire premiums began to increase greatly. The effects of the panic of 1837 on the company's fire business are shown by the losses. In the ten years from 1813 to 1822 they had only been \$1,569; from 1823 to 1832 they were only \$17,974; from 1833 to 1842 they were \$78,948, or nearly 70 per cent of the premiums.

The panic of 1837 played havoc with small insurance companies. They were involved with the banks and all commercial enterprises. Only the strong and large companies could stem the storm. The public demanded more certainty and security in and behind the contracts of insurance. Massachusetts passed in 1837 a law requiring companies to maintain a reserve that would insure the carrying out of their contracts. This was called the "re-insurance reserve fund" and is now the unearned premium

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fund which all companies everywhere are required to maintain to protect their policy-holders against loss of premium on policies not yet expired.

This Massachusetts act of 1837 thus marked the entrance of the state upon the field of insurance regulation, which has developed into the elaborate state supervision of to-day.

HISTORICAL MEMORANDA, 1817-1841

Governmental.—Disputed Canadian boundary questions growing out of the Ghent Treaty with Great Britain settled — Boundary questions with Spain settled and we paid \$5,000,000 for Florida — The "Monroe Doctrine" given to the world (1823).

Economic.—Development of transportation by canals, steamboats and railroads — Erie canal begun 1817, opened 1825 — Baltimore & Ohio Railroad begun 1828 and completed 15 miles in 1830, horse cars — First locomotive built New York 1831, for the South Carolina Railroad, six miles long — In 1835 there were twenty-two railroads in operation, two only west of the Alleghanies, not one of them 140 miles long — Threshing machines invented and used 1826 — Steel tool manufactories established 1825 — Hard-coal stoves made — Fairbanks' scales invented — Morse invented the telegraph instrument and code — Hunt made the first lock-stitch sewing machine — First reaping machine made — All about 1825-1835.

Peace.— There was no war during the twenty-five years of this period.

Territorial.— Eight states were admitted from 1816 to 1837, Indiana, Mississippi, Illinois, Alabama, Maine (1820), Missouri, Arkansas (1836), Michigan (1837). No more came in until 1845.

Political.— Era of good feeling began — The Federal Party ceased to exist and was succeeded by the National Republicans and Anti-masonic parties — The long rivalry between Jackson and Clay developed to bitter feeling — Struggle over the National Bank was the beginning of the financial disturbances that produced the panic of 1837 — Nullification excitement over tariffs — Anti-slavery movement begins.

Insurance.— Extension of local agency system of large companies and era of small local companies — What is now the Fire Patrol system was projected 1819 — First reinsurance in the United States recorded in 1819 when the Middletown Fire of Connecticut retired — First western department established at Cincinnati 1825 — Massachusetts passed first reinsurance reserve law 1837 — First steps taken towards standard rating of risks between 1830-40, but very little headway made — Joseph Ball, third president Insurance Company of North America, died September 2, 1825 — John C. Smith, fifth president, elected to office April 5, 1831, on the retirement of John Inskeep, who had served since October 1, 1806. Mr. Inskeep died December 18, 1834 — Robert S. Stephens, secretary from February 28, 1806, to June 12, 1832, was succeeded as secretary on June 19 of that year by Arthur G. Coffin.

THE ERA OF GOLD AND WARS 1842-1866

The condition of peace and the development of the national domain that had continued for twenty-five years was immediately succeeded by twenty-five years of greatest stress and turmoil, during which the United States fought a brief but fierce war with Mexico, narrowly escaped hostilities with Russia over the Oregon country, and after a long and bitter internal political conflict over the institution of slavery, was plunged into the greatest civil war the world had ever seen up to that time. It employed the energies of the greatest armed forces ever brought together in battles and changed in many ways the science of war on land and sea.

Curiously enough this period was ushered in by the election in 1840 of General William Henry Harrison ("Old Tippecanoe") as President, after a most exciting campaign, that has come down in popular story as "The Log Cabin and Hard Cider Campaign." Martin Van Buren was the candidate of the Democrats to succeed himself. The Whigs nominated Harrison, the ideal of a popular favorite. As governor of Indiana territory in 1813 he had beaten the Indians under Tecumseh at Tippecanoe Creek, and, as commander of the American forces in the War of 1812, had made a victorious campaign on land and the lakes. It was Harrison who received the famous message from Commodore Oliver Hazard Perry after the naval battle of Lake Erie, "We have met the enemy and they are ours."

The effects of the disastrous panic of 1837 were still felt everywhere and the people, as usual, attributing all their woes to the party under which these began, rallied to Harrison. The log cabin and the coon-skin were made

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the popular badge of his candidacy. All over the country such cabins were erected, having a coon-skin nailed to the door and a barrel of hard cider standing beside it. Nothing like the popular excitement had before been seen. In the West and East meetings were held at which fifty, eighty and one hundred thousand persons were present. Weeks were spent preparing for them and caravans bore partisans from long distances, bringing their own supplies for those willing to wait and listen to the popular orators who had assembled to intensify the enthusiasm. At one meeting of Whigs at Dayton, Ohio, the encampment of Harrison's followers covered ten acres of ground. The slogan was "Tippecanoe, and Tyler Too," John Tyler of Virginia being the nominee for Vice-President.

Harrison was overwhelmingly victor in the Electoral college, where he received 234 votes to 60 for Van Buren, although he had a plurality of only 146,315 in a total popular vote of 2,410,000. Harrison was inaugurated March 4, 1841, but died April 4th without having exercised any important function of office. By his death John Tyler became President, and as he had always been a Democrat, he fell out with the Harrison cabinet over legislation, and all the members resigned, except Daniel Webster, who remained as Secretary of State until he had arranged the Canadian boundary treaty with England in 1842, when he, too, retired.

It was under Tyler's administration that the United States was committed to the annexation of Texas, which brought on war with Mexico and resulted eventually in our acquirement also of a new area of more than 500,000 square miles.

Mexico had won its independence from Spain in 1821. Texas was then one of the provinces of the colony of Mexico and so became one of its states. The great, rich plains of Texas had attracted the attention of Americans living in the southwestern territories, and as soon as Mexico became

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an independent republic Moses Austin, a citizen of the United States, asked the Mexican government for a grant of land and permission to bring in settlers. It was after Moses Austin that the capital of Texas is named. He obtained the grant on condition of bringing in three hundred families to settle. Thus began a great movement of Americans to the Mexican state of Texas. By 1833 Mexican rule had become so unsatisfactory to the American colonists that they rebelled and by 1836 had set up the independent republic of Texas. It was during this war that the massacre at the Alamo was committed by Mexicans under Santa Ana, March 6, 1836. The Texan garrison, under Col. Travis, Col. Bowie and the celebrated David Crockett, was besieged, overpowered and killed to the last man. Gen. Sam Houston, another famous Texan, defeated the Mexicans finally at San Jacinto and Texan independence was acknowledged by the United States, England and France.

That is the story of Texan independence. The story of annexation to the United States leads on to the war of the United States with Mexico, the acquisition of the entire Pacific Coast of the United States (except Alaska), the discovery of the gold fields of California and the creation of the United States into the richest nation in the world. It involves politics and romance beyond the dream of fiction.

John Tyler began it in 1844 as a political move, whether based on far-seeing statesmanship or passing expediency has been disputed. Texas applied for admission as soon as independence was achieved, but the growing struggle over the slavery question kept Congress from granting admission. Tyler thought he saw a way around this deadlock, negotiated a secret "treaty of annexation" with Texas and in April, 1844, surprised the Senate by offering it for ratification. Thus it became a political issue through Tyler, who was not acknowledged by either political party.

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The Democrats took up the issue, made it their own and carried the country in 1844 for James K. Polk. Texas was admitted in 1845.

This brought us to war with Mexico. For, in admitting Texas, we had her claims to protect. The Mexican boundary was delimited in 1819 at the forty-second parallel, the present northern line of California. Texas claimed for herself all the land to the source of the Rio Grande in what is now New Mexico and Colorado and thence north to the forty-second parallel. Mexico claimed that the Nueces River, and not the Rio Grande, was the western line of Texas. Neither side would retreat, and so in 1846 General Zachary Taylor was ordered to cross the Nueces with troops and occupy the land south to the Rio Grande. As soon as he crossed the river the Mexicans attacked. Taylor won the battles of Palo Alto and Resaca de la Palma, and later pushed on to Monterey, where he won again, and then marched south to meet an expedition under General Winfield Scott, that had been landed at Vera Cruz to push westward to the City of Mexico. Everywhere the Americans were victorious: at Buena Vista, Cerro Gordo, Jalapa, Churubusco and Molino del Rey, and after the storming of Chapultepec they made a triumphal entry into the City of Mexico September 14, 1846.

The country was filled with delight. In the army were leaders and young subalterns whose names were afterward to become widely known. General Taylor was to be elected President, as was Lieutenant Ulysses S. Grant, while General Scott, General Fremont, Lieutenant Simon Bolivar Buckner and W. S. Hancock were to be leaders but losers on Presidential tickets.

The effect of the victory was to leave the United States in possession of northwestern Mexico up to the northern line of California. California had promptly revolted from Mexico in June, 1846, and declared herself in-

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dependent as the Bear State Republic. Peace was arranged by paying Mexico \$15,000,000 for the 522,568 square miles thus added to our domain.

General Zachary Taylor came out of the Mexican War a popular hero, was promptly nominated for President by the Whigs and elected, defeating Lewis Cass of Michigan and Martin Van Buren. This year (1848) the Free Soil Party was organized and took the field against the extension of slavery. It was not until 1854 that the present Republican Party was organized at Ripon, Wisconsin, and started its long career. President Taylor lived only a little more than a year after inauguration, dying of bilious fever July, 1850, but he lived to see the beginning of the extraordinary fruits of his victorious arms in Mexico.

This was the discovery of gold in California. While Taylor and Scott had been attacking central Mexico, the few Americans that had migrated to California, then a Mexican state, revolted and General Fremont and Commodore Stockton gave them the protection of the army and navy while they organized an independent state, the "Bear Republic." Its flag bore the image of a grizzly bear.

Then a year later gold was found! It reads like a fairy tale. One day a man named Marshall was building a mill race on a small stream for a Swiss immigrant by the name of Sutter, who was constructing a grist mill. In the midst of his work Marshall saw something yellow shining in the mud. He picked up a few particles and wondered if it were not gold. He took some specimens and went to Sutter's Fort, the site of the present city of Sacramento, reported to Sutter and the two locked themselves in a room and tested the particles by every process they had. By every one they were demonstrated to be gold. They went back to the mill race to examine further. If they had been able to keep their secret and acquire all the land they

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wanted, these two men would have been richer than the fabled Cræsus, or any monarch of the world. But a Mormon day laborer employed on the work saw their excitement as they investigated the mud and sand, took occasion to look about for himself, and spread the news that virgin gold had been discovered at Sutter's Mill.

The effect was indescribable. Everywhere as the news spread men closed their business houses and left their fields, sailors in the harbor of San Francisco deserted their ships, soldiers left their barracks — all flocking to the little American River to get their share in the new El Dorado. News traveled slowly in those days and the farther it went naturally the less belief there was in the astonishing story, which grew in marvels with every day's journey it took. Not until President Polk in 1849 laid the facts before Congress in his annual message was the East convinced. Then began that extraordinary rush of gold hunters to the West, that has since been likened to the Greek tradition of the "Search for the Golden Fleece." Those who went have since been known as the "Argonauts of Forty-Nine." No difficulty or danger could deter them. They went straight west across the trackless plains, or by sea to Panama and across the fever-poisoned jungle of the Isthmus, and then up the west coast, or around Cape Horn. Bold and daring young adventurers with no money to travel with were fitted out by less daring but better supplied friends at home, and thus, like chartered privateers, were sent out to bring home and divide the spoils of the new territory.

No episode in the history of the United States is so filled with glamour, excitement, tragedy, and wonderful adventure as those succeeding few years in California, when the rude, daring and fearless army of the "Forty-Niners" hunted for gold, made their own laws and executed them on the spot; when men grew rich in a day or were impoverished over night; when some with the genius

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of trade grew richer through providing supplies and selling them at enormous profits than did those who took the actual gold out of the earth. In the next twenty years more than a billion dollars' worth of gold was to be taken out of California alone.

This was only the beginning. Ten years later, in 1858, gold was discovered near Pike's Peak in what was then the unorganized Indian country, but is now the state of Colorado. This was in the midst of a desert country, without trees or grass, known on the map of those days as the "Great American Desert."

But not even this death-dealing desert could discourage those who were in search of gold. Denver was then, in 1858, a village of a few houses, where to-day it is a magnificent city of 300,000 population. Later gold was discovered in Utah and in what is now the state of Nevada, and from every direction the stream of gold-hunters flowed in on both slopes of the Rocky Mountains, from Mexico to the line of Canada. These mines had to be reached by invading the desert, but the invasion was made and another era of glamour opened, only less wonderful than that of California, and less wonderful only because it was the second act of the great drama of treasure-trove. Those who can recall the discovery of gold in Alaska twenty years ago, the stories of adventure and the wonderful development of that far-off strip of United States territory, can multiply them to appreciate the California episode.

And what happened? Out of the individual tragedies, sufferings and toil of those "Argonauts of Forty-Nine" and their successors of 1858 and 1859 in the Great American Desert, the flower of civilization sprang like a rose from wilds that had been occupied by savage Indians and wild beasts and avoided like a pestilence because of its lack of vegetation. The Great American Desert extended from longitude 98° to 107° and from latitude 33° in the south to 43° in the north. It covered much of what are

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now the fertile states of Kansas, Nebraska, Montana, Utah and the whole of Colorado and most of New Mexico. Irrigation and the ceaseless labor of men have made gardens where formerly were but sand and cactus. The Great American Desert has long ago disappeared from maps, along with the Llano Estacado or "Great Staked Plains" of western Texas.

Then the people of the United States began to be called upon to pay for the gold, which is according to the old immutable law that those who dance shall pay the piper. The payment was to be made in the lives of thousands of the best manhood of all the sections lost in Civil War. It was not yet in sight, but an ominous cloud of irrepressible difference was on the horizon of politics and had been growing since the very formation of the government. This was an intense political jealousy over the limitation or extension of slavery. Slavery existed in all the thirteen original states. Even white penal slaves had been held. When independence was achieved the five most northerly states began to abolish slavery, the eight southern ones, among which New York and New Jersey were numbered, retained it. These two gradually abolished it; and by common consent, but with great care, it was agreed that the Ohio River and the southern line of Pennsylvania should be the southern boundary of free states that might grow out of the new territories in the West. This was east of the Mississippi, which was as far west as was then owned by the United States.

When, however, the national domain was extended to the Rocky Mountains and thence to the Pacific, jealousies arose as to the admission of new states in order to keep the balance of political power evenly adjusted between the "free" and "slave" states. No man among all the great statesmen produced by the South and North had possessed the genius to solve that political problem, which for forty years had awakened suspicion, distrust and hatred be-

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tween states and individuals. The great bulk of immigration from Europe was almost wholly to the northern states and these brought with them more opposition to slavery in any form. When the Golden West was discovered and the stream of migration was begun to the Pacific Coast, the struggle over whether California, with its fabulous wealth, should be admitted as a "free" or "slave" state was the slipping of the stone that brought down the national house in civil war. California was admitted "free" in 1850 and then the political struggle raged for ten years. It looked even then as if the country were to be divided into two republics, differing only as to slavery. Statesmen who had not the genius to solve the problem compromised it and thus postponed the conflict. Henry Clay, "the Pacificator," "the Peace Maker," did this in 1850, but when he died two years later there was none to take his place.

So it was that in 1860 when Abraham Lincoln was elected President the "irrepressible conflict" so long delayed began to take form. States began to secede from the Union under the doctrine of "state's rights" and when Lincoln was inaugurated (March 4, 1861) he found himself facing civil war with the entire population in a state of ferment and uncertainty. The confusion of political and private opinion was complete. In all portions of the country the large body of voters wanted the Union continued as it had begun, but suspicion rendered it impossible to arrive at agreement, so that when the first gun was fired in 1861 it resulted in a separation almost wholly along sectional lines. Every man stood with his state, and the state generally with its section.

Then followed the long conflict during the height of which two million men were under arms on both sides. In many instances friends, brothers, fathers and sons found themselves on opposing sides in politics and in arms. Time has not yet sufficed to allow the story of that war to

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be dispassionately told. Too many deep personal feelings have been involved, too much unwritten history is yet to be discovered. But, just as the Civil War was on the greatest scale recorded up to that time, so the results of it have been the most remarkable. Fifty years after its close the scars of it have disappeared from the memories of those whose fathers fought it. North and South are firmly bound together in devotion to the reunited nation. One thing above all has grown out of it, satisfactory alike to all sections, all parties and every patriot — the feeling that it is one country and not two, with an endless frontier between them marking the limits of separated and jealous nations. The far-sighted statesmen of both sides feared such a result; they dreaded to see the North American republic divided along fortified frontiers, subject to the same political misunderstandings and dangers of war that have so often shaken Europe and plunged humanity into sorrow.

The Civil War had cost the lives of about 700,000 men who fell in battle, died of wounds or perished of camp diseases. Of these it is estimated that about 140,000 fell in battle, nearly 90,000 died of wounds and the remainder of disease. Up to 1879 the cost of the war to the government at Washington, in money, was \$6,190,000,000. So much blood and treasure had never been poured out in four years of war before. The cost to the Confederate States has never been possible to estimate, except that by the emancipation of slaves they lost upwards of \$2,000,000,000 of property alone, without regarding the cost of maintaining their armies and the pouring out of all they had on the altar of their hopes.

During the period of twenty-five years, between these episodes that stirred the nation to its depths, the tide of development, the creation of wealth, and the expansion of the country went on without interruption, but on a smaller scale. The population that was 17,000,000 in 1840 had

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increased to 31,000,000 in 1860; and immigrants continued to pour into the land which was believed to be teeming with wealth. Seven new western states were created and admitted into the Union. Five new territories were established.

In the cities gas and plumbing were introduced; streets were paved, instead of being left as mere dirt roads; public schools were opened and education made free. There was a great expansion in railroad building, express lines were opened, postage stamps were used, and ocean ships were beginning to be driven wholly by steam. The modern sewing machine, the power harvester, the telegraph, India rubber, the perfection of the daguerreotype (forerunner of the photograph, which was in its turn the forerunner of the moving picture) and the Atlantic cable were all invented or perfected during this period.

In 1846 the discovery of chloroform was made, which gave foundation to the miracles of surgery that have since been performed.

During these years, so trying and tempestuous to the whole country, the Insurance Company of North America was keeping step with the nation. Its marine business had grown into large proportions again with the development of ocean commerce. Fascinating as marine underwriting was in the early days, it had its dangers. There were no conflagrations as in fire insurance, but there were the coming together of numerous losses during times of war, which was quite as bad. As, for instance, during the first ten years of the foreign wars when the company had out of six millions of premiums only 9 per cent left for expenses. So, during the twenty years from 1842 to 1862, the marine premiums were \$5,957,630, but the losses left only 15 per cent of that for expenses.

Attempts to collect the French spoliation claims from the government were continued during this period. In the first session of the Congress meeting 1846, a bill passed

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both houses approving the claims and appropriating money to pay them. It was vetoed, however, by President Polk, who was then preparing for the Mexican War. In January, 1855, the same bill again passed both houses, but was vetoed by President Pierce. The Civil War, of course, served to postpone the whole matter indefinitely. There were numerous claimants besides the North America. Other insurance companies and individual claimants were pressing. The two bills that were passed carried appropriations of \$5,000,000 to indemnify those whose legal claims had been traded off by the government for national purposes.

The introduction of steam as motive power for ships, which began so largely in 1839-40, was destined to take much of the uncertainty and hazard out of the sea. The records of the Insurance Company of North America, if gone through in detail, might furnish many a memorandum that would lead to romances of the sea, such as the case of the White Star liner "Naronic," that sailed from port and from that day to this has never been heard from, supposed to have "turned turtle" in some storm — the mystery of passengers, crew and cargo left impenetrable forever. Or the case of the brig "Marie Celeste," that was found after weeks of disappearance sailing aimlessly about in the middle of the Atlantic ocean. All sails were set, everything was in place, the remains of a half-consumed breakfast were on the table; but what had become of the crew has never been known. Every man had vanished as completely from human ken as if not one had ever existed.

The largest number of marine losses are prosaic, however, as are fire losses on land. Marine losses occur largely through fire, collision, sinking or being overcome by the elements, stranding, damage to cargo from leakage caused by carelessness, or by rats gnawing some sea connection and letting water into the hold. A small amount has been

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attributed to crime, such as attempts to cast away vessels for the insurance. But even this has largely disappeared with the days of wooden sailing ships.

In fire insurance the Insurance Company of North America, which had collected only \$175,965 in premiums in the twenty years ending 1842, collected \$1,692,431 during the twenty years ending 1862, and was closely connected through its local agents with the every-day business life and protection of the people in every part of the country that could be readily reached by mail or methods of travel.

That was the period of direct connection between the local agency and the company, out of which sprang the practice and the traditions of loyalty that were so largely to influence the future of underwriting. Agents made no "daily reports" then. The business was reported in monthly statements and in some instances quarterly. The strong agency companies had but one agent in a vicinity and competition was beginning to be troublesome between agents and local companies. The professional aspects of the local agent began to develop, as the resident underwriter for his company. In a number of states local companies were organizing to control the local markets for insurance both in the fire and inland marine branches. The enormous business carried on canal and steamboats was inviting merchants and shippers into speculation without sufficient appreciation of the dangers involved in limited volume with large lines. The policies of the local companies were as uncertain of security as the currency of state banks at the time, and the value of that was measured by decreasing confidence as the bills passed farther from the point of issue. Competition between "home" and "outside" companies started the enactment of "retaliation" and limiting laws.

All this naturally increased the volume of insurance, and multiplied the number of agents, increasing their

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responsibility. The eastern companies, owing to their distance by mail and travel from their agencies in the Middle West and the growing necessity of closer supervision and prompt payment of losses, had turned to the establishment of departments, covering all the distant states with a resident general agent in complete charge. One had been established as early as the '20's and had been successful in accumulating large premium receipts and establishing local influence. Cincinnati was the favorite point of location for these departments because of the vast Ohio and Mississippi river tonnage and the canal cargoes that originated there. In 1864, however, the Insurance Company of North America established its first western department at Erie, Pennsylvania. It was not until a year later that its New England department was established at Hartford. Thus began the creation of those ganglionic nerve centers of fire insurance, called variously "departments," "general agencies," "district agencies," all varying in the size of territory covered, to concentrate and quicken the connections of the home offices of companies with the people of every section and state.

Yet fire insurance was continuing to be largely primitive in its methods. Its development was through necessity and accident until after the Civil War, and it did not even then immediately take on a scientific form. The classification of risks had grown out of a question asked of an underwriter by one of his policy-holders, who casually inquired if the company had made any money on paper mills. This led to an investigation into the lines of business and the experience of companies thus came to be kept by classes. Blanks for proofs of losses were not known until 1853. Policies were not numbered before 1864. Numerous companies were organized, admitted and failed in a few months. Rates were made by guesses and competition and only the shrewdest and most conservative underwriters could count on success. It was the good

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fortune of the North America to have such underwriters and pursue such a course, and that is why the first company of the United States still survives with all its prestige to be among the great companies of the world.

With the development of the West and its great distances beyond the Alleghanies and to the coast, the problems grew in importance. In the early days officers and directors of each company made trips and established agencies and instructed agents. Then arose a necessity for special representatives. So “special agents” came into being, their work at first being largely given to adjusting and paying losses, and then they began to pay attention to agencies and rate making.

There are many agents now living who saw the institution of the special agent expand into an elaborate system of inspection and rate competition that provoked rate wars, finally bringing about field organizations to correct rating evils. From this arose the present systems of uniform schedule rating which is placing the business upon a scientific actuarial foundation with respect to equitable rates. From these field associations have grown also the present organizations for fire prevention and for the betterment of agency practice everywhere.

HISTORICAL MEMORANDA, 1842-1866

Governmental.— Boundary questions with Russia and Great Britain settled and the present northern limit established — Independence of Texas acknowledged and Texas admitted 1845 — War with Mexico and conquest of Pacific Coast completed 1847, and Mexico allowed indemnity of \$15,000,000 — Gadsden Purchase of northwest Texas made 1853 — Civil War opens with Battle of Bull Run or Manassas Junction — Peace declared April, 1865 — Lincoln assassinated April 14, 1865.

Economic.— Great expansion of railroads — Steamships begin to multiply — Population nearly doubles, cities founded and enlarged — Discovery of gold in California opens continental avenues of wealth — Manufactures begin to enlarge and inventions of value appear, the sewing machine, harvester, India rubber, photography, Atlantic cable, chloroform— Gas, plumbing, postage stamps, paved streets began to be introduced and used.

War.— War with Mexico January, 1846, ends with capture of City of Mexico

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September 14, 1847 — Civil War — Battle of Bull Run, Sunday, October 21, 1861 — Fort Donelson February 16, 1862 — Shiloh, April 6, 1862 — New Orleans April 24, 1862 — Gettysburg, July 1-3, 1863 — Fall of Vicksburg, July 4, 1863 — Chickamauga, September 19-20, 1863 — Sherman's March to the Sea, May-December, 1864 — Wilderness campaign, summer of 1864 — Siege of Richmond 1864 to spring of 1865 — Peace of Appomattox April 9, 1865 — Both armies disbanded by May 31.

Territorial.— Texas and over 500,000 square miles acquired from Mexico 1847 — Ten states admitted, Florida, Texas (1845), Iowa (1846), Wisconsin (1848), California (1850), Minnesota (1858), Oregon (1859), Kansas (1861), West Virginia (1863), Nevada (1864). Four territories established, New Mexico, Utah, Washington and Nebraska.

Political.— Whig and Free-Soil parties disappear and merge into the Republican Party in 1860 — Long and bitter struggle over slavery and the conditions of new territories and states — "Popular Sovereignty" experimented with — Know-Nothing or Native American Party appears and disappears — Missouri Compromise repealed — Rise of Republican Party 1856-60, election of Lincoln — Seven states secede 1861.

Insurance.— Great expansion of local agency system and establishment of general agencies or departments — Competition between local and outside companies — Death of John Corry Smith, sixth president Insurance Company of North America from 1831, June 22, 1845, aged 61. Succeeded by Arthur Gilmore Coffin, who had been secretary since 1832 — Henry D. Sherrerd, elected secretary July 1, 1845, continued to June 1, 1858. Matthias Maris, secretary November 3, 1858, to April 3, 1860, when Charles Platt succeeded him — Western department established at Erie, 1864 — New England general agency established at Hartford, 1865.

RECUPERATION AND PROGRESS 1867-1891

From the throes of a destructive war the United States leaped almost at one bound into the strongest period of construction and development in its history. The horrors of war changed into bitter political conflicts, but behind these the energies of the people, awakened by the war, were unloosed to the opportunities of the future and they moved forward to achieve their destiny.

We shall not follow the political struggles of the period from 1867 to 1891. The price of war was paid in prejudices, suspicions, mistakes and experiments, the record of which belongs to political discussion, not to a story, like this, of national development. The assassination of Lincoln, April 14, 1865,—a catastrophe to the South as well as to the North—was followed by the administration of Andrew Johnson, under which the era of "Reconstruction" in the South began and was to run its painful course for twelve years. Johnson was impeached, tried by the Senate and acquitted by one vote. The "greenback issue" came up to confuse finances, but the resumption of specie payment, assured by the passage of preparatory laws, was reached only after the panic of 1873. This panic grew out of unsettled currency and public debt conditions, in the midst of which the Grangers or farmers' organizations of the West and the western railroads quarreled over freights and local subscriptions to railroad enterprises. The sales of bonds suddenly ceased, in many instances those already sold were sought to be repudiated. All this reacted on banks, deposits began to be withdrawn, and in 1873, the storm burst with the failure of the great New York banking firm of Jay Cooke & Co.

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The tide of panic swept to every town in the country where there was a bank. During that single year there were 5,000 failures in banks, factories, commercial firms and corporations, succeeded in 1874 by 5,800 more. Nothing like it had before been known and the whole country was in gloom. General Grant was President and was determined that this sacrifice of means should not be in vain, so he insisted on moving toward specie payments and declared that "the only way to resume was to resume." The laws passed in 1874-5 and later amended by the "remonetization of silver" at "sixteen to one" accomplished the purpose, and on January 1, 1879, under the terms of the law, the Treasury began to redeem all its currency in gold, on demand, which ever since it has done. There was to be no recurrence of the panic of 1873 until twenty years later, in 1893, when another almost as bad swept over the country.

On July 2, 1881, James A. Garfield, twentieth President, was assassinated four months after inauguration, by a madman. He died after much suffering September 19. This second assassination of a President called attention to the fact that if the Vice-President should die or become unable to serve, there was no provision for the succession before election. Congress, therefore, at once passed the act necessary.

The presidential succession is fixed by chapter 4 of the acts of the Forty-ninth Congress, first session. In case of the removal, death, resignation, or inability of both the President and Vice-President, then the Secretary of State shall act as President until the disability of the President or Vice-President is removed or a President is elected. If there be no Secretary of State, then the Secretary of the Treasury shall act; and the remainder of the order of succession is as follows: The Secretary of War, Attorney-General, Postmaster-General, Secretary of the Navy, and Secretary of the Interior. The acting President

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must, upon taking office, convene Congress, if not at the time in session, in extraordinary session, giving twenty days' notice. This act applies only to such Cabinet officers as shall have been confirmed by the Senate and are eligible under the Constitution to the Presidency.

Despite the political and financial bitterness of the years from 1866 to 1880 the longings of the people for homes, comfort and prosperity were inspiring them to development. In the South the pressing problem was its own restoration; in the North eyes were turned to the West where the gold and silver mines and vast pasturages were beckoning all who wanted to be rich. A great tide of migration began westward and an endless stream of immigration from Europe set in.

The population of the whole country, which was 31,000,000 in 1860, was 50,000,000 in 1880 and 63,000,000 in 1890, an increase that made labor abundant and gave markets for every sort of production, so that the wonderful economic spectacle was presented of a great and growing nation becoming rich within itself by its own efforts; asking little of other nations except the manhood and womanhood that flocked here to grasp opportunities. The true valuation of the real and personal property of the United States which was \$7,365,000,000 (\$307 per capita) in 1850, had grown to \$42,642,000,000 in 1880, or \$850 per capita. It may be said in passing that even this vast sum was increased to \$88,517,000,000 in 1900, or \$1,200 per capita. No other large nation of the world was so rich.

The problem of development in the South was delayed by two causes — one the unsettled political conditions due to "carpet-bag" government and the resistance of the Southern people to exploitation by military force and strangers; the second the condition of labor following the abolishment of slavery. Before 1860 white immigrants from Europe would not go to the Southern States and compete with slave labor. After the war the same dis-

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inclination to match against ex-slaves continued. So that the Southern States faced two acute problems, one to get control of their own internal political affairs, the other to fashion out of their former slaves a body of free labor and make it economically valuable. The prejudices growing out of the war made these problems all the more difficult to solve, but the election of 1876, which for a few months seemed to threaten war again (the Hayes-Tilden campaign and dead-lock) saw an end to carpet-bag government and then the New South, master of its own destinies, took hold of its own fortunes with a will.

From the first settlement of the country, the slave states had been devoted to agriculture. There were practically no manufactures. There were few cities. The largest of these were Baltimore, New Orleans, Charleston, Louisville and St. Louis, and they were merely distributing points with no manufactures of consequence. Sugar was made in Louisiana, but all the cotton and tobacco was shipped to the North or abroad — raw material, to be worked up and purchased back in manufactured forms. The South was until 1861 a royal purchaser of the manufactures of the world, paid for in the values of its great staple crops. Under these conditions there grew up in that section a civilization of agrarian wealth, social culture and distinction of manners that produced some of the greatest statesmen, merchants, soldiers, lawyers and public leaders of the country.

During the war, when every Southern port was blockaded, and no supplies were allowed to enter (1504 vessels trying to "run the blockade" were captured or destroyed), and when it became apparent that slavery must pass away, the Southern people were compelled to turn their attention to manufactures for their own necessities. What was produced was crude enough, but the possibilities of manufactures were made apparent. Now, as soon as the "reconstruction" pressure ceased in 1876-85, the South

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sprang at once to both agricultural and industrial activity. Natural resources that had never before been considered were examined and developed. Some of the largest and richest deposits of iron ore in the world were discovered in Alabama, and in Virginia, Kentucky, Tennessee, North Carolina and Alabama vast fields of coal were opened. Alabama had the iron ore and coal so close together, with all the materials for iron making, that Birmingham was soon to become the arbiter of iron prices of the country and now has its influence on the world. Factories to produce cotton, tobacco and mechanical goods began slowly to appear, growing with increased rapidity every year.

With these innovations agriculture continued to be the chief reliance. Where in 1860, 4,670,000 bales of cotton were grown, 6,600,000 were grown in 1880 — from 12,000,000 to 13,000,000 bales now. The United States is the largest producer of tobacco in the world and the Southern states produce four-fifths of all the tobacco grown in this country. The value of the Southern crop now is more than a hundred millions annually. There has been also a wonderful development of grain crops for home use in the South. Yet, with all this, great industrial centers of manufactures have sprung up at Birmingham, Chattanooga, Atlanta, Louisville, Memphis, Richmond, and in many smaller towns in Georgia, Alabama, North Carolina, Kentucky, Virginia and West Virginia. Since 1885 an industrial empire has been created in the South alone greater than existed in the whole nation, perhaps, in 1860; and yet its agricultural production has wonderfully increased.

Meanwhile the opening of the West between the Mississippi River and California was no less wonderful. During the Civil War, Congress had chartered the Union Pacific and the Central Pacific railroad companies to build jointly a line from Omaha, Nebraska, to Sacramento

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City in California and thus connect the East and West wings of the country, separated by the trackless prairies, alkali deserts and Rocky Mountains. It had been the policy of Congress since 1827 to make grants of public lands to railroads that would extend into unoccupied sections and thus attract population. It is estimated that between 1827 and 1860 Congress gave away enough land in these grants to make seven states the size of Pennsylvania and only 6,000 acres less than the total area of the thirteen original states of the Union.

The Union Pacific Railroad was opened in 1869. There was instantly repeated for the country along the way the miracle that the discovery of gold had performed for California and Colorado. By 1870 more than a million people had settled along the line of the Union Pacific. Gold, silver and copper were discovered in what are now the states of Colorado, Arizona, Nevada, Utah and Montana. The building of the Northern Pacific began in 1870 with the completion of the more southern route and the great lumber, grazing and grain possibilities of the Northwest were uncovered. This was to create the great cities of Duluth, St. Paul, Minneapolis, Seattle, Spokane and Portland.

The rush of people into the New West was astonishing. In what are the eleven states of Colorado, North Dakota, South Dakota, Idaho, Kansas, Minnesota, Montana, Nebraska, Nevada, Oregon and Wyoming, there was a population of only 405,000 counted in 1860. Several of them had not a single white person. In 1890 they had a population of 5,429,000 by the census. This was more population than the United States possessed in 1800 after one hundred and fifty years of colonization. The New West had turned the larger trick in thirty years. In 1910 those states had nearly 9,000,000 and have a present estimated population of 10,500,000.

All the migrations of history pale before this human

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stream that peopled the West. At present more than one-third of the people of the United States live west of the Mississippi, which before 1860 was practically unoccupied. It is a number larger than the whole population when the Civil War began — about 32,000,000.

While these things were happening in the South and West, the progress in the older states east of the Mississippi and on the eastern coast was equally astonishing. It seemed as if all the wonders of creation of material wealth, comfort, luxury and mechanical convenience in history were to be overwhelmed by the invention and introduction of new processes and the production of new means of communication and transportation and in labor-saving arts.

There are many persons still living who saw no better lights than candles before they were grown men and women. Viewed from every standpoint of material progress the times before 1860 can fairly be described as “candle-light times.” The first well for taking petroleum oil out of the earth was drilled in 1859 at Titusville, Pennsylvania, by a man named Drake. He found oil, but it was produced in small quantity. Only two hundred barrels were obtained from all the wells in existence in 1860. Its first value was in its illuminating qualities. Refining it for use in lamps called out the invention of what was called the “coal-oil” lamp, that was to be used in millions of homes where there was no gas and where candles no longer sufficed. So far as the comforts of home were concerned the “coal-oil” lamp probably made a greater impression of satisfaction than any invention of the century. From the 10,000 gallons of petroleum produced in 1860 there was a rapid increase to over 2,000,000,000 gallons in 1880 (12,000,000,000 at present). From its restricted use in lamps for lighting purposes it was coming to be used as fuel for all sorts of purposes.

During this period began also the great development of

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electricity. The second Atlantic cable was laid in 1886, but the electric current was as yet used alone for telegraphy. Then Brush invented the arc light and the dynamo, and electric lighting and electric motors followed. Electricity began to be used for searchlights, photography, street and house lighting, telephoning, welding metals, electroplating, electric railways and innumerable other power purposes. Toward the close of the era came the perfected bicycle, the gas engine, the trolley cars, passenger elevators, enameling of kitchen and sanitary utensils, the phonograph, the moving picture machine, vestibuled railway trains, the perfected typewriter, the cash register, and many other astonishing inventions or discoveries entering into the daily life of all the people.

Curiously enough some of the most important of these inventions were looked upon in their first stages as mere toys or luxuries. It was reserved for the future to develop their enormous economic value and their influence in changing the methods of life of the entire country. But some of them were obviously so useful and universally desired that the need of large corporations to develop them was even then felt. Mechanical progress in railroading, telegraphing, and oil production and distribution quickly brought about combinations of small corporations into large ones. Hundreds of short railroads were combined into continuous trunk lines. There were forty telegraph companies that were combined into the Western Union, and hundreds of oil producers were merged into the Standard Oil Company. There was an unprecedented rush of speculation in mines, lands, stocks and bonds — in everything, in fact, to which the new inventions and discoveries seemed to lend increased values for the future. Vast sums were needed for the operations of the great corporations, or "trusts," as they began to be called, and for the countless small corporations that were coming into existence to exploit new inventions.

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Instantly there sprang into existence the beginnings of the present system of banking exchanges, credits and clearances, by which the general business of the country is carried on with the use and transference of the very smallest percentage of actual money.

Fire insurance expanded at once under the stimulation to support this universal system of credit, as indeed did all other forms of insurance. Coincidentally with fire insurance the present great life insurance companies were beginning to grow. A number of mutual life companies had been organized in the New England and Middle States from 1842 to 1860, and while their progress was slow it was sound. This encouraged others in the West and East, and even during the Civil War several companies, now grown to great size, began business. The development of the best of these companies was surprising during the twenty-five years ending in 1893. The business generally increased many fold and thus these companies were prepared also to furnish through their policies the basis of protection and credit to individuals.

During the decade of the Civil War the principal fire insurance companies operating through agencies and writing about ninety per cent of all the business, collected aggregate average annual net premiums of about thirty millions. During the decade of the '70's these annual premiums increased to about \$54,000,000; to \$83,000,000 in the '80's, and to \$123,000,000 in the '90's.

In 1893, after the close of the One Hundredth Year of the Insurance Company of North America, the net premiums received by 258 companies aggregated \$135,000,000, an average of \$520,000 per company. In that year the premium receipts of the North America were \$5,672,565, of which \$3,743,954 was in the fire branch alone. This was nearly twice as much received for fire insurance premiums in one year as the company had received in the combined sixty-nine years from 1793 to 1862.

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This strong and rapid growth of the company that had practically been born with the government itself can be traced not only to the resolute enterprise with which it had followed the expansion of the government and the development of the states and sections, but to the promptness and integrity with which losses were paid and all obligations met. It had pushed into the West and new Southwest with their opening, but during the Civil War all business operations of Northern corporations with the Confederate States were forbidden by law on both sides. As soon as peace was declared, however, the North America was again in the whole South reappointing agents and renewing business associations with former patrons and seeking new. At Atlanta a Southern department was established in 1875 and in the same year its agents on the Pacific Coast were brought into quicker connection with the company through the general agency established at San Francisco. These enlargements gave the company a local habitation and name in every section of the country.

It was during this period that the firm security of the North America's policies was demonstrated upon a great scale, amid the stress and storm of fire insurance, as it had been in marine insurance during the stormy periods of war embargoes and destruction on the seas in the perilous times succeeding the Revolution. In 1871 the Chicago conflagration with losses of \$167,000,000 caused the failure of many insurance companies unable to meet their losses. The North America's losses in that fire were \$624,000 which were promptly paid. In the very next year it was called on to pay \$989,000 losses by the great Boston fire and every claim was again made good.

While the Chicago and Boston fires were a staggering blow to the energies of the country, the result was a profound lesson to the economics of fire insurance. The failure of many small companies and the necessity for

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large companies to call upon their stockholders for new funds made apparent instantly and for all time two prime requisites for safety: One, the accumulation of large net surpluses to absorb the shock of excessive losses; the other, the restriction of lines in cities and blocks so that the distribution of liability would limit the company's losses in conflagrations and protect the policyholder against the possible destruction of the security of his policy. So that, following these great losses, all underwriting energy was turned to preparing the bulwark of accumulated and carefully maintained net surplus funds to offset possible conflagration dangers of the future.

The immediate effect of these conflagrations was to sweep away a number of companies, to increase very largely the dependence of property owners upon sound fire insurance and to impress upon bankers the importance of having all burnable property on which credit for loans was based, protected by insurance companies with ample resources, under sound management. The impulse given to the fire insurance business was so great that premiums increased largely after 1872. The North America's prestige was so firmly established that its fire premiums doubled in the next ten years, leaping from \$8,000,000 to more than \$15,000,000.

At the close of business on December 31, 1892, the end of the first one hundred years of the company's existence, it had received premiums since organization amounting to \$104,180,328. At the same time it possessed cash assets of \$9,434,334, of which \$3,000,000 was its own capital and \$1,601,276 was net surplus. The unearned premiums held were \$3,073,284. It held \$771,621 reclaimable on perpetual policies outstanding.

In that year its total income was \$6,081,587, and its total expenditures \$6,368,908, leaving a deficit of about \$287,000 on the year due to heavy marine losses. But the century was rounded out with a record of great sub-

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stantial growth and the honorable prestige of paying its losses in good and bad years alike.

HISTORICAL MEMORANDA, 1867-1891

Governmental.—Monroe Doctrine invoked and Napoleon III notified to withdraw French troops from Mexico — “Reconstruction” of seceded states” begun 1866 and ended 1877 — Impeachment of President Johnson 1867 — Refunding of national debt begun (1869) by providing that “5-20” bonds be paid “in coin”—“Alabama” claims arbitrated with Great Britain 1872 — Oregon border dispute with England settled 1872 — Coinage of silver stopped in 1873 — Greenbacks made redeemable in specie 1875 — Silver “remonetized” 1878 and made legal tender, with a limit to the coinage.

Economic.—Expansion of railroads continued — Union Pacific and Central Pacific completed and opened 1869 — Dynamite and barbed wire fences introduced — Cable and electric cars invented — Petroleum oil comes into use — Phonograph and telephone invented — Bicycles came into universal use.

Territorial.—Thirty-four states in the Union 1861, reduced to twenty-four by ten seceding for the Civil War — Total number of states increased again by readmission of seceding states and creation of ten new states, West Virginia (1863), Nevada (1864), Nebraska (1867), Colorado (1876), North Dakota, South Dakota, Montana, Washington (1889), Idaho and Wyoming (1890), making forty-four states — Alaska purchased from Russia 1867, adding 590,000 square miles to national domain — Total territorial area 1867, 3,517,673 square miles.

Political.—President Johnson impeached for “high crimes and misdemeanors” 1867; Senate finds him not guilty by majority of one vote — General U. S. Grant elected President 1868, re-elected 1872 — Congress erects “Electoral Commission” 1876 to decide contest for count of electoral votes for the Presidency — Rutherford B. Hayes declared elected over Samuel J. Tilden by 185 to 184 — Thirteenth, Fourteenth, and Fifteenth Amendments to the Constitution adopted in order named in 1865, 1868 and 1870 — James A. Garfield elected President 1880, assassinated July 2, 1881, and Vice-President Chester A. Arthur succeeded — Grover Cleveland elected President 1884 — Benjamin Harrison elected President 1888 — Cleveland elected President again 1892.

Insurance.—Great growth of fire insurance — Great Chicago conflagration begins October 9, 1871, burns three days, losses \$167,000,000 — Many fire insurance companies fail as a result — Great fire in Boston November 9, 1872, losses \$70,000,000; more companies fail and a number had to call on stockholders for increased contribution — Questions of reserves and rates grow pressing — Schedule rating in fire insurance has its start on a scientific basis during this period — Charles Platt, who had been secretary, elected vice-president Insurance Company of North America, January 13, 1869, and continued in that office until January 14, 1878, when he was elected president to succeed Arthur G. Coffin. Mr. Coffin died July 29, 1881, age 90. Matthias Maris, who had been secretary prior to Mr. Platt’s incumbency again took that office continuing for two years, when he was succeeded January 12, 1881 by Greville E. Fryer. T. Charlton Henry elected vice-president November 2, 1880, died August 31, 1890.

INTO THE TWENTIETH CENTURY 1892-1916

In the first ten years of the twenty-five-year period extending from 1892 to the present day, the United States was to take its place conspicuously as one of the first of the world powers in all international questions. The first step was taken by President Cleveland in 1895 and the second by President McKinley in 1898. It must be satisfactory to every American, whatever his partisan politics may be, to reflect that in the great questions concerning national honor and responsibility, these executive leaders of both dominant parties represented the united body of public opinion that stood solidly behind them. There is no politics in national patriotism.

The firm reiteration to France of the Monroe Doctrine as settled national policy had caused that government to withdraw in 1867 the foreign army that Napoleon III sent to Mexico to establish an empire under Maximilian. When the message was sent, there were 50,000 American troops assembled on the Rio Grande under General Philip Sheridan ready to enforce our demands. In 1895 a dispute of long standing between Great Britain and Venezuela, over the boundary between the latter country and British Guiana, came to an acute stage, during which Great Britain was apparently preparing to use force. President Cleveland suggested arbitration, which was declined by Great Britain. The United States replied by restating the Monroe Doctrine. Great Britain retorted that the Monroe Doctrine was "inapplicable to the state of things in which we live at the present day." Then it was that the President declared to Congress and to Great Britain that it would be the duty of the United States

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"to resist by every means in its power" the appropriation by Great Britain of any lands or the exercise of any jurisdiction over any territory that a commission appointed by Congress should decide belonged to Venezuela. This meant war in the event Great Britain should persist. The announcement startled all Europe and for a short time there was great excitement here and in England. But it subsided when the British government expressed a willingness to arbitrate. The dispute was finally settled by friendly arbitration.

The war with Spain for the liberation of Cuba began and was quickly ended in 1898, but the achievements of the American navy and the results of our army operations in Cuba and Porto Rico were so conclusive and brilliant that with the naval battles of Manila Bay and Santiago, and the capture of San Juan Hill in Cuba, the United States at once demonstrated the power of her arms and acquired possession of island territories so extensive and strategically so important as to give us political interests of the greatest consequence in Asia and vast responsibilities in the Caribbean Sea affecting all Europe.

The war, which was precipitated by the blowing up of the United States battleship "Maine" in Havana harbor, during the night of February 15, 1898, was begun April 21, was half won by Dewey's destruction of the Spanish squadron in Manila Bay May 1, and was completed by the storming of San Juan Hill July 1 and the total destruction of Cervera's fleet, off Santiago Bay on July 3. On July 14 the Spaniards in Cuba surrendered and peace was agreed upon August 12, after less than four months of action.

We had as a result assured Cuba of her independence, acquired the Philippine Islands in the South Pacific, the Island of Guam, half-way from Manila to Hawaii, had annexed Hawaii in answer to the desire of its people, acquired Porto Rico and the small islands of Spain there-

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abouts. This gave the United States new insular territory of about 125,000 square miles, a domain only slightly smaller than the combined states of New York, Pennsylvania and Ohio, or about half the extent of Texas.

Two years after the war President McKinley was re-elected, and then came the shock of his assassination by an anarchist at Buffalo Sept. 6, 1901, when he was holding a reception at the exposition. His death called the Vice-President, Theodore Roosevelt, to the Presidency, and under his resolute leadership the Panama Canal Zone was in 1904 secured in perpetual lease to the United States for the building of the Panama Canal. The price paid was \$10,000,000 and an annual rental of \$250,000 payable to the Republic of Panama.

The Panama Canal has cost about \$350,000,000 and was opened to navigation in 1914, though there have been interruptions to its use by slides in the cut. The changes it is expected to make in the commerce of the world are momentous, although the breaking out of the European War in 1914 has thus far operated to leave most of these expectations still problematical. Its enormous value to the United States, which nobody doubts, is a matter for future demonstration in peaceful competition among nations.

The history of the United States since 1892, aside from these great expansional manifestations of governmental power and increasing wealth, is the story of yesterday, familiar to all. The political excitements and differences remain yet as legacies from the day before yesterday, which are reserved for discussion on the stump and in the halls of Congress.

But no wonders of material achievement have ever equaled those compressed into these last twenty-five years. In the application of old discoveries to the field of mechanics the advance has been as a series of miracles. Since 1892 the American "skyscraper" building, the

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perfection of the phonograph, the present moving picture apparatus, the automobile, the aeroplane, the hydroplane, the perfection of wireless telegraphy, electric trolley railways, and the wonders achieved in electrical production and lighting, power and heating, have revolutionized the world's habits of living and communication more than any previous period of a thousand years. The processes of business have been equally revolutionized by the perfection of the typewriter, typesetting machines, telephones and passenger elevators.

Most of the mechanical and process developments mentioned are so familiar to-day that it is difficult to realize the time when they were not. Yet the automobile that goes a hundred miles an hour was unknown then; the aeroplane is still much younger and yet in process of perfection, as are others of them which only await the touch of the wand of genius, which may fall at any moment, to carry them to infinitely greater common uses.

During the period under review the North America added to its lines of fire and marine insurance those of protection to automobiles, parcels post shipments, tourist baggage and other subsidiary lines that touch various sides of the life of the nation. It has taken its due part in the heat and burden of the protection of all the national progress. In 1895 it joined in the establishment of the Philadelphia Underwriters and the issuance of joint policies under that name. The Philadelphia Underwriters is now well known and represented by its own agents all over the country. In 1910 the Western department of the North America, which had been established at Erie, Pennsylvania, in 1864, was removed to Chicago, leaving the Western department of the Philadelphia Underwriters still located at Erie.

In January, 1905, the Alliance Insurance Company of Philadelphia, projected in the fall of the previous year, began business under the supervision of the administrative forces of the Insurance Company of North America

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and is still so conducted. Within a year and a few months it was called upon to pay over a million dollars in losses in the great San Francisco conflagration which exhausted its capital and surplus, each of \$500,000, and stockholders voluntarily contributed \$733,786 to pay all obligations and restore its funds. Since that time they have been further strengthened by an increase in capital.

The San Francisco conflagration, which shocked the whole world, caused property losses of approximately \$350,000,000. Fire insurance companies paid about \$175,000,000. In this great disaster the Insurance Company of North America was called upon to pay \$3,260,000 meeting its claims honorably and promptly.

The conflagration losses of this period, paid by the North America in six of the largest conflagrations amounted to \$4,433,890, an average of about \$740,000 for each—the combined amount being nearly three-fold the combined losses paid in Chicago and Boston in the conflagrations of the '70's.

While there is no equivalent for the conflagration loss in marine underwriting, it is interesting to note that since 1888, the North America has paid sixty-one claims each of \$50,000 or more, incurred upon single vessels.

At the beginning of 1916, the North America's record of business transacted from its organization, December 10, 1792 showed total receipts from premiums amounting to \$276,983,911.

From the early beginnings that have been described, it now has total resources of over \$22,000,000 and has these funds pledged for the safety of approximately one and a quarter billions of dollars.

It has upward of ten thousand agents now as compared with the solitary agency in Lexington, Kentucky, in 1807 when it gave birth to the American Agency System by that appointment.

As the North America enters upon its one hundred and

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twenty-fifth anniversary, it begins also a new administrative era, the present officers having but recently taken up the reins of management, pledging themselves to conserve and continue to strengthen the great interests entrusted to them — interests that so intimately embrace stockholder, policyholder and agent alike.

These officers, with the departmental heads and offices of the North America are:

OFFICERS

President — Benjamin Rush.
Vice-President — John O. Platt.
Second Vice-President — Sheldon Catlin.
Secretary and Treasurer — T. Houard Wright.
Assistant Secretaries — Galloway C. Morris, John Kremer.

DEPARTMENTAL OFFICES

Western, Chicago — C. R. Tuttle.
New England, Hartford — Charles E. Parker.
Southern, Atlanta — Dan B. Harris.
Pacific, San Francisco — J. C. Johnston.

Before closing this period in the history of the Insurance Company of North America reference again may be fittingly made to the spoliation claims of the Eighteenth Century growing out of the early wars in the history of the United States, which furnish so strong a bond between the present and the past that every president and every board of directors of the North America has had to deal with them down to the present time. These claims, growing out of losses sustained on insured ships of commerce, captured by the enemy, and not redressed by the government, now amount to \$748,906.13. The total claims of a similar nature still pending after considerably more than a century has elapsed, amount to upward of five millions of dollars. They have been pressed before every Congress, the justice of the claims avowed and approved time and again before many committees and by

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separate branches of the Congress. Twice bills were passed appropriating funds to pay these legacies of Revolutionary Days but were vetoed because of other pressing emergencies at the time. When they shall be eventually paid, this particular chapter of the Insurance Company of North America's bond with early Independence Days will be closed, but it will ever be rich in the heritage of the personality of those patriots who fought the good fight and made possible the great United States of to-day.

HISTORICAL MEMORANDA, 1892-1916

Governmental.—Venezuela boundary dispute with England called for reiteration of Monroe Doctrine in 1895 and results in arbitration—Secretary of Commerce and Labor added to cabinet officers, 1903 — Alaskan boundary dispute with England settled, 1903 — Sixteenth amendment to Constitution giving Congress power to tax incomes adopted 1912 — Seventeenth amendment to Constitution, providing for election of United States Senators by direct vote of the people passed, 1913.

Economic.—United States acquires Zone in Isthmus of Panama for construction of canal, one of greatest commercial events of era — Government begins irrigation work in western deserts 1902 — Laws passed protecting people from impure foods, for railway rate regulation and protecting nation's forests and streams — Federal reserve bank system adopted to prevent panics such as occurred in 1893 when gold reserve was depleted for first time in country's history.

War.—Cuban rebellion and destruction of United States Battleship Maine in Havana Harbor (1898) results in war with Spain — War for subjugation of Philippines 1899 — Troubles on Mexican border 1915-1916.

Political.—Grover Cleveland re-elected president 1892 — William McKinley elected president 1896, re-elected 1900, assassinated 1901, and Vice-President Theodore Roosevelt succeeded — Roosevelt elected President 1904 — William H. Taft elected President 1908 — Woodrow Wilson elected President 1912; re-elected, 1916.

Territorial.—Utah admitted 1896 — Hawaiian Islands, area of 6,449 square miles, annexed.—Guam, 210 square miles, Porto Rico, 3,435 square miles, and Philippines, 115,026 square miles acquired for \$20,000,000 in 1898 under peace treaty with Spain — Samoan Islands divided with Germany in 1899 by which United States acquired six islands with area of 27 square miles — Oklahoma admitted as state 1907 — New Mexico and Arizona admitted as states 1912, making total number of states 48 — Total national area 1916, 3,026,789 square miles.

Insurance.—William A. Platt, elected vice-president Insurance Company of North America 1890, died April 1, 1895, George H. McFadden successor — Philadelphia Underwriters department established at Erie 1895 — Eugene L.

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Ellison elected vice-president January, 1897, succeeding George H. McFadden, retired — Benjamin Rush elected second vice-president January, 1898 — Greville E. Fryer, secretary since January 12, 1881, died July 27, 1898, and was succeeded by T. Houard Wright — Alliance of Philadelphia under management of North America officials began business January 1, 1905 — Charles Platt, seventh president, elected January 18, 1878, died January 23, 1909, age 79 years — Eugene L. Ellison, eighth president, elected November 3, 1909, Benjamin Rush vice-president — John O. Platt, elected second vice-president January, 1910 — Western Department headquarters at Erie, Pa., since 1864, removed to Chicago 1910 — Duties of treasurer added to T. Houard Wright, also secretary, 1912 — Eugene L. Ellison, president since November 3, 1909, died February 8, 1916, aged 71 years — Benjamin Rush, ninth president, elected March 7, 1916 John O. Platt, vice-president, Sheldon Catlin, second vice-president.

PERSONALITY IN ACHIEVEMENT 1792-1916

There is a carved and paneled chamber in what is now called Independence Hall in Philadelphia in which the greatest political events of American history were born. From the walls of this chamber look down to-day the portraits of the men who created the United States of America. In the center of that chamber one may know that he stands on the very spot where the spark of political liberty was struck into flame that was to illuminate the whole world, that was to encourage revolution in France and that was ultimately to become the great beacon of the American republic.

In this chamber the Continental Congress met; here the colonies were advised to become independent states, masters of their own home affairs; here the plan of a Confederation of States was first broached; here on July 4, 1776, the Declaration of Independence was formally adopted and its immortal text solemnly signed by the consecrated rebels who were to become the Fathers of the Country; here Washington was called to lead the armies; here he was elected first President of the revolutionary government in 1787 and here re-elected in 1791; here "The President, Directors and Company of the Bank of North America" was given its charter under Robert Morris to finance the Revolution. And here, finally, on the tenth day of December, 1792, was formally organized "The President and Directors of the Insurance Company of North America."

Men become historical through the things they do; history becomes interesting through the men that do things. In the history of the United States the men who

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directed events from Independence Hall have their due places, but the private "lives, the fortunes and the sacred honor" which they then pledged to the creation of the new republic were to have activities and devotions not less honorable, though not as glorious, perhaps, as their public conduct. It is interesting as a light upon the biography of an old corporation to see how the personalities that entered upon the struggle for independence, and the atmosphere of self-reliance and resolution that enveloped them, touched at all sides and entered into the creation and development of the Insurance Company of North America.

When "the President, Directors and Company of the Bank of North America" was organized in 1781, its head and active spirit was Robert Morris, "the Financier of the Revolution," that indomitable and dauntless man of business who was the support of Washington and his armies in the field, and the business counselor and inspirer of the provisional organization on the floor of the Continental Congress. He it was who raised the money for the revolution, who organized the first financial system of the scattered states, who literally pledged his life, all his fortune and his sacred honor to the cause and who redeemed in full all but his personal fortune. He guaranteed when he retired, the liabilities of the United States Treasury incurred under his management and though he died poor in purse he was rich in honor and achievement.

Closely associated with Robert Morris in his patriotic activities from 1774 forward was John Maxwell Nesbitt, who had subscribed personal funds and given invaluable personal activities to the support of Washington and the Army. He was in 1774 forty-six years old, of Irish birth, a widely known and successful merchant, who organized the Bank of Pennsylvania to support the state in its movement to achieve independence. He was one of those selected by Robert Morris to be a director of the new

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Bank of North America, and thenceforward they were intimately associated together in the long struggle.

John M. Nesbitt, called upon in 1792 to become the president of the new insurance company brought to that organization the prestige and the traditions of "the President, Directors and Company of the Bank of North America," and here we come upon the origin of the very unusual name of the new company chartered as "the President and Directors of the Insurance Company of North America."

Associated with Mr. Nesbitt in the new company were two prominent Philadelphia citizens who were more active in its promotion than he. These were Ebenezer Hazard and Samuel Blodget, Jr. Mr. Hazard was in 1792 forty-seven years old, of distinguished family, graduate of Princeton College. At seventeen he was a sailor aboard a privateer of war, afterwards entered business as a bookseller and became identified with literary activities. He was at thirty-seven the third Postmaster-General of the United States, succeeding Benjamin Franklin and Richard Bache, and was highly successful as an executive and administrative officer. Samuel Blodget, Jr., ten years younger than Mr. Hazard, had already a distinguished career. Of strong imagination, bold in conception and resolute in action, he had spent three years in the Continental Army, part of the time on the staff of Washington, with whom he was intimate. Mr. Blodget had planned the present national capital city of Washington, to which he devoted much time. General Washington urged him to invest \$100,000 in lands adjoining the city he had planned, but the profits of this were not to be realized until the third generation.

Mr. Hazard was selected as first secretary of the new company he had so ably helped to promote, and Mr. Blodget, who was the leader of the idea, became by vote Director No. 1 of the Board. He died in 1814.

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Colonel Charles Pettit, one of the original organizers and second president of the company, had held office in the colony of New Jersey, but entered the revolutionary struggle as assistant quartermaster-general under General Nathaniel Greene. He was a member of the Continental Congress, and rendered much public service to the state of Pennsylvania. His interests in the Insurance Company of North America have descended to the present time. One son was a director for thirty-two years, and a grandson, Thomas Charlton Henry, elected a director in 1864, was elected vice-president in 1880, dying in 1890. Colonel Pettit's portrait was painted by Gilbert Stuart, painter of the celebrated portrait of Washington.

Joseph Ball, second signer of the new company's original agreement, was manager of the Cox Iron Works at Batsto, New Jersey, where the shot and shell for the Continental Army were largely manufactured. He contributed liberally to the Revolution. He was a director of the Bank of the United States and was one of the original board of the Insurance Company of North America and acted as president pro tem during the incapacitation of Colonel Pettit.

There were many others among the original subscribers to the stock of the company who performed active service in the war for independence, but these five leaders in the promotion of the Insurance Company of North America sprang from the very vital center of the patriotic movement which in 1783 had ended by articles of peace with England signed at Paris. There remained, however, many threatening conditions, due to the weakness of the new Republic and the political animosities and distrust that follow wars. The United States was deprived of many of the business connections, traditions and exchange facilities we had enjoyed with England. War might be renewed at any time — as ultimately it was — and so the public and private business life of the young nation had to be

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created out of its own soil. Men who had been on the battle line, who had been behind its finances, who knew the necessities of private business, all united in the task of construction.

The necessity of native insurance for the new native commerce with foreign countries was pressing. It was supplied for a time by individual underwriters until the joint stock company of the North America was formed. That company sprang directly out of the heart of the Revolution.

By a coincidence felicitous in a sense, logical in its business import, the building recently acquired by the North America in Philadelphia for the extension of its home offices, was at one time owned by Benjamin Rush, one of the signers of the Declaration of Independence, whose great grandson is the present president of the company; and the site of the principal building was once occupied by a residence in which Alexander Hamilton lived. Thus closely does the early atmosphere of its origin continue about the oldest American company.

The first office was in a brick building at No. 119 Front Street, which in 1880 was one of the few original structures remaining of early Philadelphia, and it was interesting enough then to attract the pencil of the celebrated etcher, Charles M. Pennell, who afterwards made the pictures of Whistler so famous by his skill in etched reproduction. The first president, John M. Nesbitt, lived across the street from the first office above the counting house of his firm of Conyngham, Nesbitt & Co., as was the custom of merchants of the day. During periods of yellow fever the office was removed to the famous Vaux house, itself an historic place in Philadelphia. Since organization the company has occupied seven office sites within the central business district of Philadelphia. The present home office site on Walnut Street was purchased in 1851 and has been enlarged by other purchases. Here in 1881 the company

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moved into the building expressly designed for its purpose and completed in that year.

Among many interesting records and souvenirs of the early days is that of policy numbered 3391, issued to "Bushrod Washington, Esq.," nephew of George Washington, reading:

"Insurance of \$4,000 on a brick barn
situate at Mt. Vernon, in Fairfax
County, in the State of Virginia."

The archives of the company contain many things of interest to the student of insurance and surprising to the agency field of to-day. Those accustomed to the present rigorous detailed reports and to the supervision and co-operation of many hands from the solicitation of the risk to the possible payment of the loss, would be surprised at the ease and directness with which insurance was transacted as a personal and private contract between the insurer and the insured, with no interminable agreements beyond the insurance undertaken under custom as set forth in the generally announced "proposals" of the company. The rate was given, the property described and the transaction was complete when the premium was paid. Thirteen years after the company began business it was proud to announce that no litigation had ever come up from any policyholder and that every loss had been paid with "promptitude and exactness." From that date, 1806, with the appointment by the North America of the first American local agent, when the company's business and all insurance began to expand to distant places under complex conditions, its archives show the growth of custom, formula, requirement and practice in the meticulous details that have developed underwriting at the home office and managerial offices and in the local agency to the scientific basis of a profession,

There have been nine presidents of the North America since 1792. Of the personal history of the first three an

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account has been given briefly above in this chapter. John M. Nesbitt was first, elected December 11, 1792 at the first meeting at the "City Tavern." He retired January 13, 1796, being then sixty-eight years of age and of frail health and died in 1802. Colonel Chas. Pettit, who succeeded him January 13, 1796, resigned January 8, 1798 being for a time incapacitated as the result of a serious accident encountered while driving. Joseph Ball was elected to succeed him, but on Colonel Pettit's recovery resigned July 8, 1799 and Colonel Pettit was re-elected and served until September 3, 1806, when he died in office.

John Inskeep, the fourth president, had been a captain of militia in the Revolutionary War, was Mayor of Philadelphia and a successful merchant in the China trade when he was elected October 1, 1806. His administration continued a few months short of twenty-five years, when on April 5, 1831, he resigned because of ill health and infirmities. Under his bold and enterprising leadership were begun those advances and expansions into other states that inaugurated the American local agency system and carried the name of the company ultimately to every part of the land as the country was settled. He laid deeply the foundations of the North America in the field and his services were highly appreciated by the stockholders and the board. He was a native of New Jersey, born there January 1757 and died at his home in Philadelphia December 18, 1834 at the age of seventy-seven. He had been a director since 1802.

John Corry Smith, fifth president, was chosen to succeed Mr. Inskeep. Mr. Smith had been elected a director only a few months before, but was an active and successful merchant. Born in Philadelphia 1784 he died suddenly June 22, 1845, at the age of 61, after being fourteen years in the presidency.

Arthur Gilman Coffin succeeded as the sixth president July 1, 1845. He was a native of Massachusetts and had

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been elected secretary of the Insurance Company of North America in 1832. Mr. Coffin was, therefore, underwriter as well as executive, and during his executive administration of thirty-three years he met and faced the problems of modern underwriting with marked success and admirable tact. In his term the powers of boards of directors and details were gradually transferred to the expert executive and administrative officers. Under his direction the company made great strides both in business and in condition. When he took charge the North America had total assets of \$426,507. When he relinquished his office in 1878, the company was in possession of total assets of \$6,461,729. It was a great achievement, and although his health had begun to fail and he desired to escape the burdens of business, the company was loath to accept his resignation. He was prevailed upon to remain as a director and give his counsel and advice. Mr. Coffin resigned as president January 14, 1878 and died July 29, 1881 at the age of eighty-two. During his long life he had been active in all the great public and private civic movements in Philadelphia.

Charles Platt, who was elected as the seventh president to succeed Mr. Coffin January 14, 1878, brought to the office twenty-eight years of training in the affairs of the North America as the co-worker and first lieutenant of his predecessor. Born in February 1829, son of an eminent Philadelphia merchant in the China trade, he was an honor graduate of the University of Pennsylvania at eighteen. At once he sailed for China, where he remained some time studying the sources and methods of the Oriental trade. At twenty-one he returned as a partner in the house. Ten years later, in 1860, he became secretary of the North America and was elected vice-president in 1869. Mr. Platt had a thorough knowledge of marine as well as fire insurance and was president of the National Board of Marine Underwriters and of the Philadelphia Marine

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Board for many years. His term of service as president of the North America was thirty-one years and as his tenure succeeded and continued the wise and strong policies pursued under Mr. Coffin, their two terms covered sixty-four years of uninterrupted growth, during which the company was called upon to pay without delay or strain \$5,629,000 of conflagration losses, of which more than half was encountered in the single disaster at San Francisco. Among modern scientific underwriters in the fire and marine branches none stood higher than Mr. Platt, who was long a leader in the civic affairs of Philadelphia. He died in his eightieth year, January 23, 1909, a few days after his re-election for the thirty-first time as president and after forty-nine years of service to the company he had directed with great and signal ability.

Eugene L. Ellison, eighth president, succeeded Mr. Platt by election November 3, 1909. He had entered the company's agency service in 1871, was elected assistant secretary in 1884, second vice-president November, 1890 and first vice-president January, 1897. He was a native of Delaware and his early business training was in the clearing house of Philadelphia banks. He then became a general agent of the old Enterprise Insurance Company and, when that company retired, began a service with the North America that was to continue forty-five years to his death. Mr. Ellison's administration was a continuation of the firm and strengthening policy of his predecessors. When he took the presidency the company had total assets of \$13,344,638. After six years they had increased to \$20,838,450 and its surplus was strengthened from \$2,333,897 to \$6,080,043. His term was comparatively short. He died of heart disease, without warning, while seated at his desk, February 8, 1916, after less than seven years in the presidency, at the age of seventy-one.

Benjamin Rush, ninth president, and the present incumbent, succeeded Mr. Ellison by election March 7, 1916.

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Taking leave here in this brief biography of a corporation so closely interwoven with the national life, it may be predicted with confidence that the leave-taking is temporary only. The Insurance Company of North America was never stronger or better equipped for large achievement and long life than at present. In 1885 a résumé of its history with interesting photographs of its souvenirs and relics was printed in commemoration of its Ninetieth Anniversary. The present volume renews the summary of those ninety years and brings the story down to the One Hundred and Twenty-fifth year.

Its history for the future is to be made by the present management and the great body of its local agents throughout the country. The story of the future will be written by others. The making of the material is the work of those now joined together to justify and perpetuate the work of those gone before.

STABILIZER OF NATIONS: INSURANCE

Behind the new world of amazing wealth and industrial power described in the preceding pages, there became necessary and was created an intricate system of credit and exchange. The strongest foundation of the credit and the best protection of the individual share of each person in that wealth is Insurance — the great Stabilizer of commerce, manufactures, banking and all material development. Responding to the demands of industry and power and national development of industry and wealth — often indeed, anticipating and for the moment sometimes exceeding them — Insurance in every branch has expanded in volume and adapted itself in special lines to cover every need of the people during these past twenty-five years. Every man engaged in the business of Insurance may well take pride in the part that the body of sound and progressive companies have taken in this wonderful organization and protection of the national resources. The record of Insurance has not been surpassed in proportion by any other factor in the national progress — not even by the National Government itself.

The Insurance Company of North America bore its share in these achievements, as it has from the very birth of the nation. As a child of the Revolution it has had the courage of its parentage and has inherited of the estate of national success. Everywhere — sustaining ocean marine commerce and protecting the marvelously growing internal wealth of the country — it has done its part of the work and received its share of the rewards, its army of local agents sharing with it all of labor and reward.

During the twenty-five years, inclusive, from 1891 to

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1915, the aggregate premium income of all the companies tabulated by the National Board of Fire Underwriters increased from \$120,000,000 in 1891 to \$349,000,000 in 1915. During the twenty-three years, inclusive from the close of its One Hundredth year, the Insurance Company of North America has received almost double the whole amount of premiums it collected during the preceding hundred years and when a full twenty-five years shall have elapsed, will more than double the record. The comparison follows:

First hundred years, 1792-1892	\$104,180,328
Twenty-three years, 1893-1915	172,803,529

Total for 123 years

\$276,983,911

The North America has proper pride in the fact that while it is an institution for profit it has rendered disinterested Public Service to the country in good and bad times alike. In this it has stood with the body of sound companies that compose the institution of Fire Insurance in the United States. It has always been a leader from the moment, One Hundred and Eight years ago, it began to create the American local agency system by the appointment of an agent at Lexington, Kentucky. The growth of the idea may be seen in the quarter of a million insurance agents to-day who have so well protected the business interests of every individual, village, city and state. This in Fire Insurance alone.

In its marine department, a few years ago, it performed a service that carried money into the pockets of the people everywhere by a protection that was to all appearances intended for one class alone.

The enormous shipments of live stock to European ports were formerly attended with great losses among the cattle, caused by lack of air space on shipboard, poor ventilation, neglect, and the ignorance of ships' crews. The insurance premium rose as high as seven per cent for

the voyage, an exceedingly heavy drain on the values, and yet unprofitable also to the company writing the insurance. The Insurance Company of North America took the matter up direct with shippers and offered to provide regulations by which the deaths would be prevented and rates greatly reduced. The offer was accepted and regulations were prepared and put into operation, with the result that the rates fell from seven per cent to as low as one quarter of one per cent. It was not only more profitable to the company at that rate, but it put six cents in every dollar involved back into the pockets of the cattle-raiser, saved to him from the ocean. When it is remembered how many millions of money have been involved in live stock exports, the effect is like a realization of the well-known dream of some scientist to get gold from ocean water. In this alone the North America has saved the country more millions than the combined profits of all the insurance companies.

A quick review will show the disinterested Public Service that Insurance has rendered the nation. Since the organization of the National Board of Fire Underwriters in 1866 (of which the Insurance Company of North America was and is an original member), Fire Insurance especially has developed rapidly upon lines of scientific accuracy and security. Accumulations of funds have been so managed that now the conflagration hazard, which must always remain a great danger to companies and public alike, is protected with every care possible. Widely disseminated systems of Schedule Rating have resulted in a nation-wide education of architects, builders, and property owners in the methods of safety in building. The property owner does now, in fact, largely make his own rates of insurance for his own risk, and by safe building reduces the hazard of his own risk, the risks of his neighbors, and so also the general conflagration risk, while at the same time he reduces his

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own and other rates in proportion. This may fairly be termed disinterested Public Service because (as was the case of the North America in the live-stock marine incident), though the insurance companies profit by the reduced risk, they receive a much smaller premium rate, and individuals and communities are thus saved from fires and the consequential damages to business against which Insurance can never be applied to render full protection.

Under the national inspection service of the National Board, the equipment and management of fire departments have been greatly improved, the systems of water-supply for towns and cities have been largely perfected and extended, and the safety of communities in many instances assured where before there was constant danger of heavy losses. Modern salvage corps companies, supported by insurance companies, protect uninsured and insured property alike from destruction. Through the organization of the Underwriters' Laboratories every invention and manufacture that enters into protection against the danger of fire is carefully tested and its efficiency for the purpose given an authoritative approval that entitles it to due value in credits for rates everywhere. By these very same methods of safeguarding property, Fire Insurance becomes at once one of the most powerful, skillful, and insistently employed forces for the prevention of accident and the needless sacrifice of life. Thus are the three great branches of Insurance intertwined.

In every state and jurisdiction the companies, through their field forces, have established organizations to lead in popular education in fire prevention and fire protection. They have succeeded in having fire prevention rules taught in the public schools of many states. Thousands of local societies have been encouraged to take supervision of the condition of premises generally in order to prevent accumulations of trash in which fires too often originate or through

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the existence of which fires spread. "Fire Prevention Day" has been established in almost every state and city for the purpose of encouraging "clean-ups."

All these innumerable disinterested services, valuable to safety, to sanitation, and to the comfort and beauty of life, have been originated and pushed to practical efficiency by associated Insurance. In every one of these directions the Insurance Company of North America has borne always its full share of the labor and expense, thus contributing now as at the first to the building up of the country in every practical way.

During the twenty-five years now rapidly closing, Insurance passed through perils not less threatening than those the country had to face, and not less triumphantly overcame them. In sixteen years, six conflagrations alone destroyed \$449,000,000 of property, of which \$235,000,000 was insured—and every loss was paid. The destruction of San Francisco in April, 1906, by fire following an earthquake, shocked the world. The estimated property losses were so enormous that for the moment the assistance of the national government and of foreign countries was tendered to tide over the distresses of sufferers. Behind this stalked the possible destruction of credit and the ruin of a great city by any delay. Under a strict construction of the contract there were doubts as to the extent of liability of fire insurance companies for thousands of losses. Then happened what often occurs under stress of war, when conditions are abnormal and no law is sufficient. The insurance companies abolished the doubt, rallied instantly to the rescue of the stricken city and paid their losses practically in full. To do this without affecting the stability of the insurance companies was a serious problem. It was heroically solved by the stockholders of many companies contributing nearly one hundred millions of new funds.

Fire insurance companies alone paid more than

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\$175,000,000 of losses in San Francisco; life insurance companies contributed more than \$100,000,000 in cash loaned on policies and paid in death losses, besides \$85,000,000 loaned on real estate values, and casualty and miscellaneous insurance companies did their share with equal liberality. Immediately the rebuilding of the city began and business connections of its merchants were maintained. In nine years the new and finer city opened the gates of the Panama-Pacific International Exposition to the world, by solemn religious services acknowledging the gratitude of the city to the System of Insurance, which was described by ministers and laymen as a demonstration in business of the organized strength of the Brotherhood of Man. On the program of the Exposition, Insurance was provided for both in exhibitions and demonstrations as a great Social Economy, and near its close a World's Insurance Congress was held to discuss the nature of Insurance as a Universal Social Economy.

The status of Insurance in the United States as the Insurance Company of North America rounds into its One Hundred and Twenty-Fifth Year is worthy of the amazing wealth and power that has been described, and which it supports at the foundation. Like that wealth and power it has been gradually but resolutely developed with the nation itself from its speculative beginnings up to the scientific, sound and rapidly expanding institution for protection and indemnity of to-day, until it penetrates to the homes and daily needs of the people more universally than in any other country of the world. The accumulated assets of all the branches of insurance were tabulated in 1916 as follows:

Life insurance.....	\$5,667,570,992
Fire insurance.....	759,287,359
Casualty and Surety.....	64,630,461
<hr/>	
Grand total.....	\$6,491,488,812

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The great preponderance of assets held by the life insurance companies is because of the perpetual nature of their contracts, while in fire insurance and other branches the greater number of contracts are reissued every year.

These vast accumulations are sustained and increased annually by the voluntary payment of premiums to cover current and future contingencies, in an aggregate sum next only in amount to the enormous receipts of the combined railway systems of the United States. The total insurance premiums of the United States for 1916 have been estimated as follows:

Life insurance.	\$991,000,000
Fire and marine insurance.	634,000,000
Casualty and miscellaneous	200,000,000
Comsapention funds.	150,000,000
<hr/>	
Grand total.	\$1,975,000,000

Adding to this annual income the existing assets of all forms of insurance, amounting in 1916 to \$6,491,488,812, there were thus in that year actual resources of \$8,466,-488,812 available and devoted entirely to the protection of the credit and the homes of the people of the United States. No such magnificent showing of voluntary thrift and provision against individual misfortune has ever been made by any other people.

This is the American Institution of Insurance in which the Insurance Company of North America and its army of agents are alike proud to be a part. Those engaged in the business should seize every opportunity to convey a knowledge of its extent and importance to the public. All insurance rests on exactly the same principle—the recognition of the law of average probabilities and its application to protect the individual against misfortune—and has been popularly set forth as follows:

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Insurance collects from the many to pay the few who are unfortunate enough to meet the inevitable disasters that become average disasters by inexorable laws. It exacts from us, in the form known as "premium," a deposit or advance payment which, when gathered with the deposits of the other ninety-nine thousand nine hundred and ninety-nine, furnish an average experience. Out of these collective deposits or premiums Insurance pays your loss and mine, sets aside a fund called a reserve to give us added security and meet the liability assumed under its contract with us; pays the agent who induced us to protect our own interests; gives us suggestions and instructions to prevent accident and prolong life; has our risks inspected, one by one, and points out and has corrected defects that might produce loss; pays its taxes, some just and others unjust; pays its administrative expenses; allows itself a dividend on its capitalized investment, if there is anything left; and passes a balance to (or in years of excessive loss draws from) its accumulated funds that give security and stability to its contracts — assuring its payment of losses, when losses come, no matter how great the calamity.

The whole system of Insurance is based upon the law of averages. So many buildings burn every year; so many accidents take place; so many people answer the final call. While the average experience determines the average rate it is still true that each individual participant in the Society of the Insured can, in a measure, raise or lower the average and so fix his own costs for indemnity. He can be careful and cleanly, live a life in sanitary surroundings and help to minimize losses, prevent accidents, prolong life and so reduce Insurance costs. Insurance is naturally competitive; its costs to you and to me rise and fall in the very measure that the individual standard of each participant measures with the same standard set by the whole.

It must be remembered that Insurance restores nothing that is lost. In principle it means only Indemnity for loss. Loss is utter destruction — waste. Prevent loss and you prevent that complete waste which drains the resources of the world. Prevent loss and you raise the standard of humanity; prevent loss and you reduce your Insurance cost.

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taken from the Building**

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